



Australian Government



Australian
Small Business and
Family Enterprise
Ombudsman

ENERGISING ENTERPRISE

14 Steps to boost Australia's
small and family businesses

August 2024

CREATIVE COMMONS



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FROM THE OMBUDSMAN



Almost 98% of businesses in Australia are small businesses – some 2.5 million which generate nearly \$600 billion of economic activity accounting for 33% of our nation's GDP.

Small businesses provide jobs for 5.36 million people – 42% of the private workforce.

This contribution is truly worthy of recognition and celebration. Small business is a big deal.

But just back in 2006, small business contributed 40% of GDP and employed 53% of those with a private sector job.

If you are like me and believe small and family business is the engine room of our economy and a vital driver of innovation, wealth and opportunity creation, and key to lifting our nation's productivity, this is a worrying trajectory.

We are sleepwalking into a 'big corporate' economy.

We need to do more to energise enterprise and create and nurture the spark that will inspire someone to turn an idea into investment, to build a business, to take on the risk and big responsibility of creating an opportunity-generating new enterprise, and to employ that extra person.

Small and family businesses need to be front of mind for our policy makers and regulators.

We need to constantly renew and renourish our commitment to providing the best possible environment for small and family business success.

New figures from the Tax Office reveal that 46% of small businesses did not make a profit in the most recent year of accounts available.

And some three-quarters of self-employed business owners, for whom their business is their full-time livelihood endeavour, are earning less than the average total weekly, full-time wage.

Sluggish economic growth combined with cost of doing business pressures, persistently poor productivity, tight labour markets, supply chain challenges, the flow through effects of high inflation, plus interest rate rises, are all taking their toll on small and family businesses.

Our small business owners are also getting older with the average age now 50, up from 45 where it was in 2006. In the 1980s there were twice as many small business owners aged between 30 and 49 as there were aged over 50.

Today, only 8% of small business owners are under the age of 30, half what it was in the 1970s.

Why is the next generation increasingly not seeing self-employment or their own enterprise as a pathway for the future? At a time when young people, particularly, look for purpose as well as profit in their lives, to choose their own path and shape their own story, isn't self-employment or running your own businesses a seemingly natural fit?

Surely, we can and must do more to make the risk and reward balance more attractive. We need to create a more supportive ecosystem to give enterprising people the best chance to be successful.

No one starts a small business because they are excited about the paperwork involved; yet the cumulative compliance burden and fear and consequences of doing something wrong is having a chilling effect on entrepreneurship.

A small business isn't a shrink-wrap version of a big corporation. There's no regulatory team, dedicated HR department, compliance specialists or sophisticated compliance systems.

Typically, it's the owner – often at 10 o'clock at night - grappling with this paperwork after they've been running their business all day, surrendering more time with family and time to reset and refresh. Let's remember, a small business is actually a time-poor, resource-constrained person.

Every well-intentioned change by Parliament or regulators risks adding to the mountain of red tape that gets between the owner, the business they lead and the customers they need to attract and delight.

There's been a flurry of new workplace laws and compliance obligations, and cascading reporting requirements relating to modern slavery and climate-related financial disclosures, adding to what we call 'white tape' where big business is insisting on more and more information from small business suppliers.

Small and family businesses recognise their responsibilities but need a right-sized, actionable, fit-for-purpose, and efficient approach to compliance impositions with appropriate support and guidance.

A simple improvement that governments at all levels around the country can make immediately is to require every submission to Cabinet to include a small business impact statement. Preliminary and formal regulatory impact assessments and new policy proposals should start with and focus on small business implications, not consider this as an afterthought, if at all.

This would mean every time a decision is made, small business will be front of mind and bright on the radar screen.

We can and need to herald the importance of small and family business to the economy and our communities. By creating the Prime Minister's Small Business Awards to celebrate excellence and achievement and inspire the next generation, we can powerfully send a clear message that small business people matter and are valued.

Small business owners feel acute pressure to 'do it all' and to keep up the appearance of being fine even when they are struggling with the big responsibility of business ownership and viability, their mental health and team wellbeing. The livelihoods of others – family, business partners, employees, and suppliers – depend on them.

Their identities are interwoven into their business and the stakes are so much higher than just a job.

Many people have invested a lifetime and often their life savings - and put their family home on the line - to build up their business, which amplifies the emotional challenges.

We must ensure that small and family business, as the engine room of the economy, can fire on all cylinders – not have a cylinder that is failing.

There is no shortage of 'winds in the face' for small businesses at these challenging times. We must continue to seek to abate these challenges where we can - this is important, but alone it is not enough. We need to work to put more 'wind in the sails', to advantage our small and family businesses.

The greatest renewable resource in our country is the perpetual optimism of small and family business people.

We need to match this positivity with a supportive environment and entrepreneurial eco-system that provides every opportunity for small and family business strength and success.

Put simply, we need to energise enterprise.

This document proposes 14 steps that will energise enterprise and help put the small and family business economy back on the right trajectory, to be able to fully realise its potential to contribute to livelihood opportunities, higher living standards and community vitality.



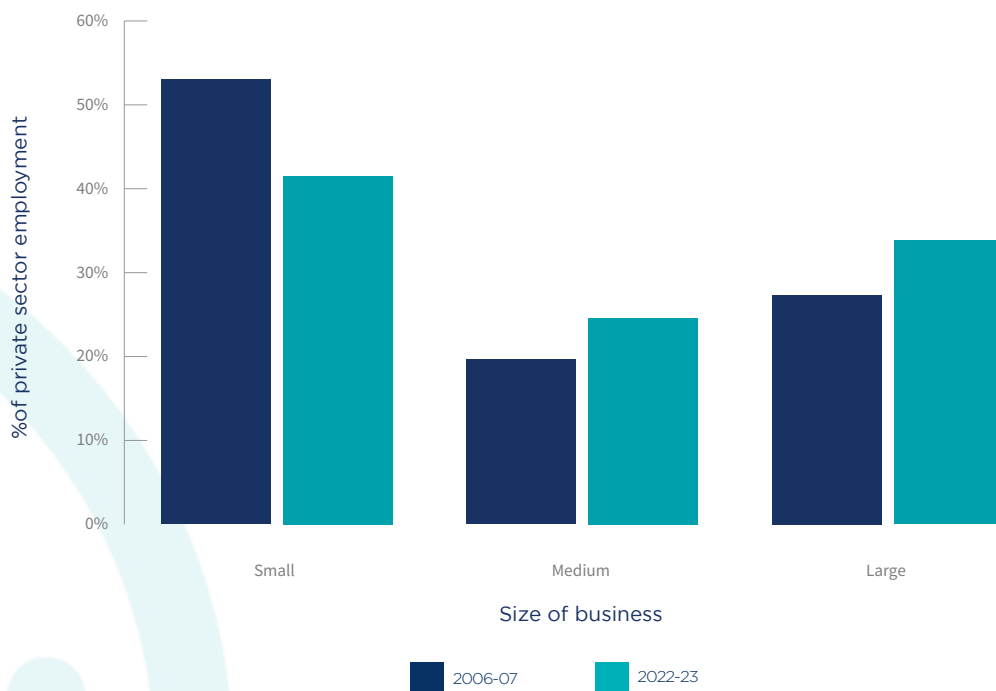
The Hon. Bruce Billson

Australian Small Business and Family Enterprise Ombudsman

August 2024

DATA SNAPSHOT

Chart 1: Private sector employment by business size



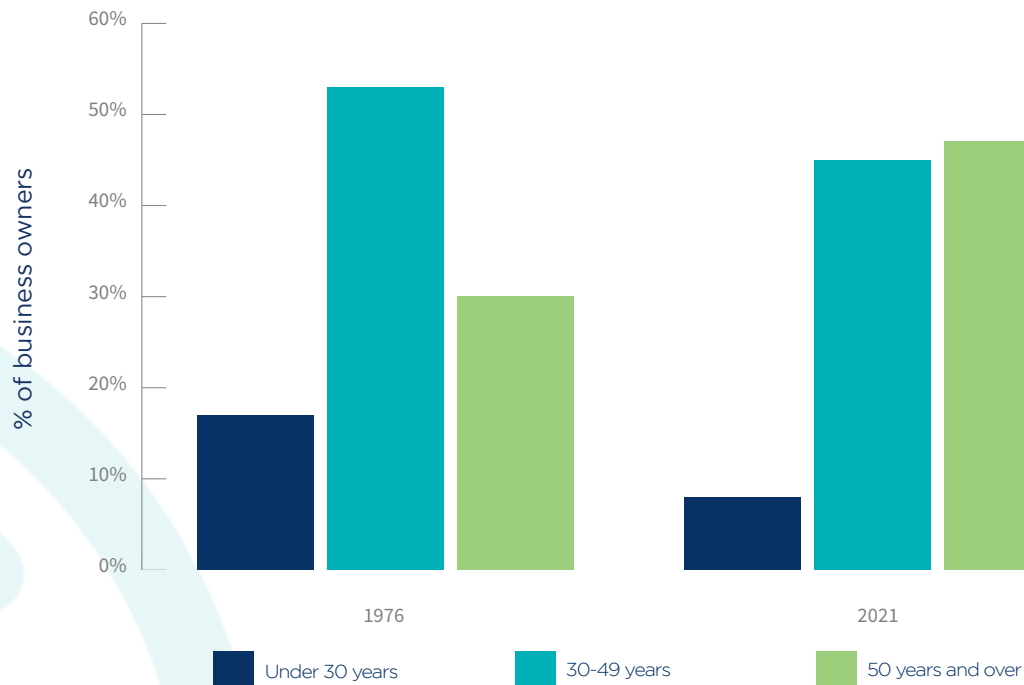
Source: Based on ABS, *Australian Industry*. Further information on the scope of this data is available in ABS, *Australian Industry methodology*.

Chart 2: Contribution to Gross Domestic Product, by business size



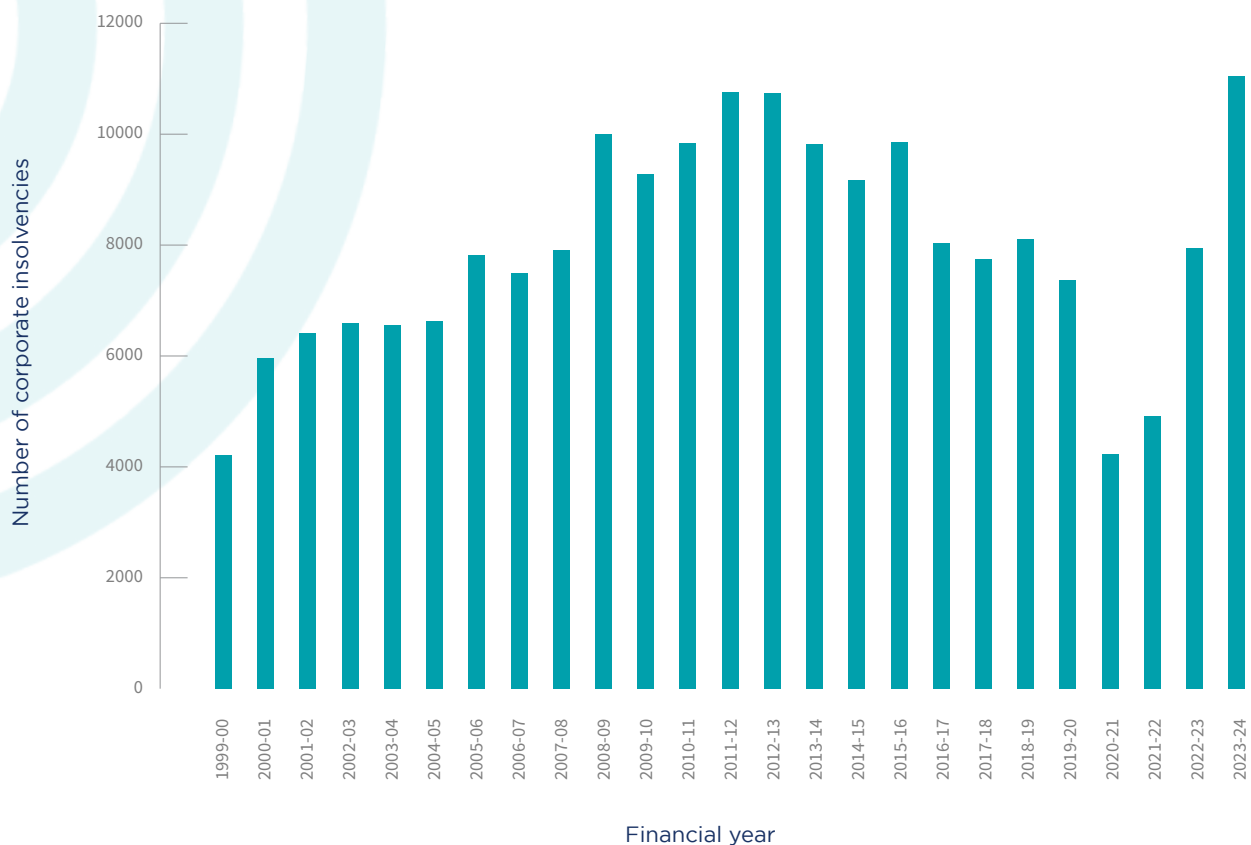
Source: Based on ABS, *Australian Industry*. Further information on the scope of this data is available in ABS, *Australian Industry methodology*.

Chart 3: Age of small business owners



Total business owners: Based on *Australian Bureau of Statistics*, customised data, 2023.

Chart 4: Annual corporate insolvencies



Source: ASIC, *Australian Insolvency Statistics*.

Chart 5: ASBFEO Pulse

The ASBFEO Small Business Pulse provides an overall perspective of the challenges and opportunities for small businesses, drawing in sentiment, operating conditions and the ability to transform or grow a business.

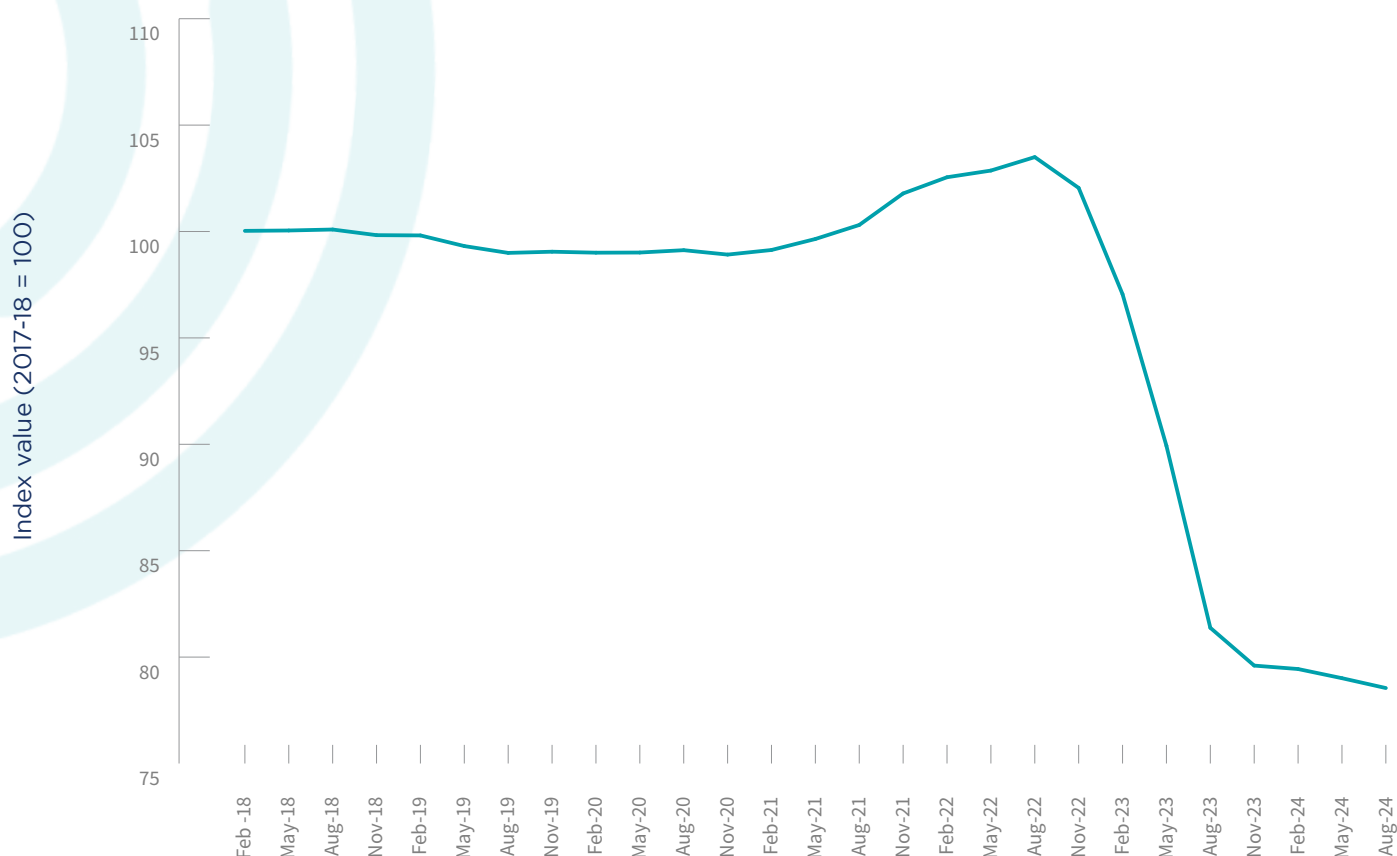
The Small Business Pulse is a health check of objective vital signs while also taking into account the ‘animal spirits’ that drive decision making by the enterprising Australians who look for delicious opportunities as they navigate challenges they may face.

The ASBFEO Small Business Pulse for August shows that the business environment remains well below the long-term average. The August Pulse fell 0.6% - the eighth consecutive fall. Over the past 12 months it has fallen 3.5%.

Small business owners are concerned about the viability of their business and whether they can ride the tough economic climate out. It’s a real gamble, with the value of debts owned by small businesses increasing over the last year and around half of small business loans secured by the family home.

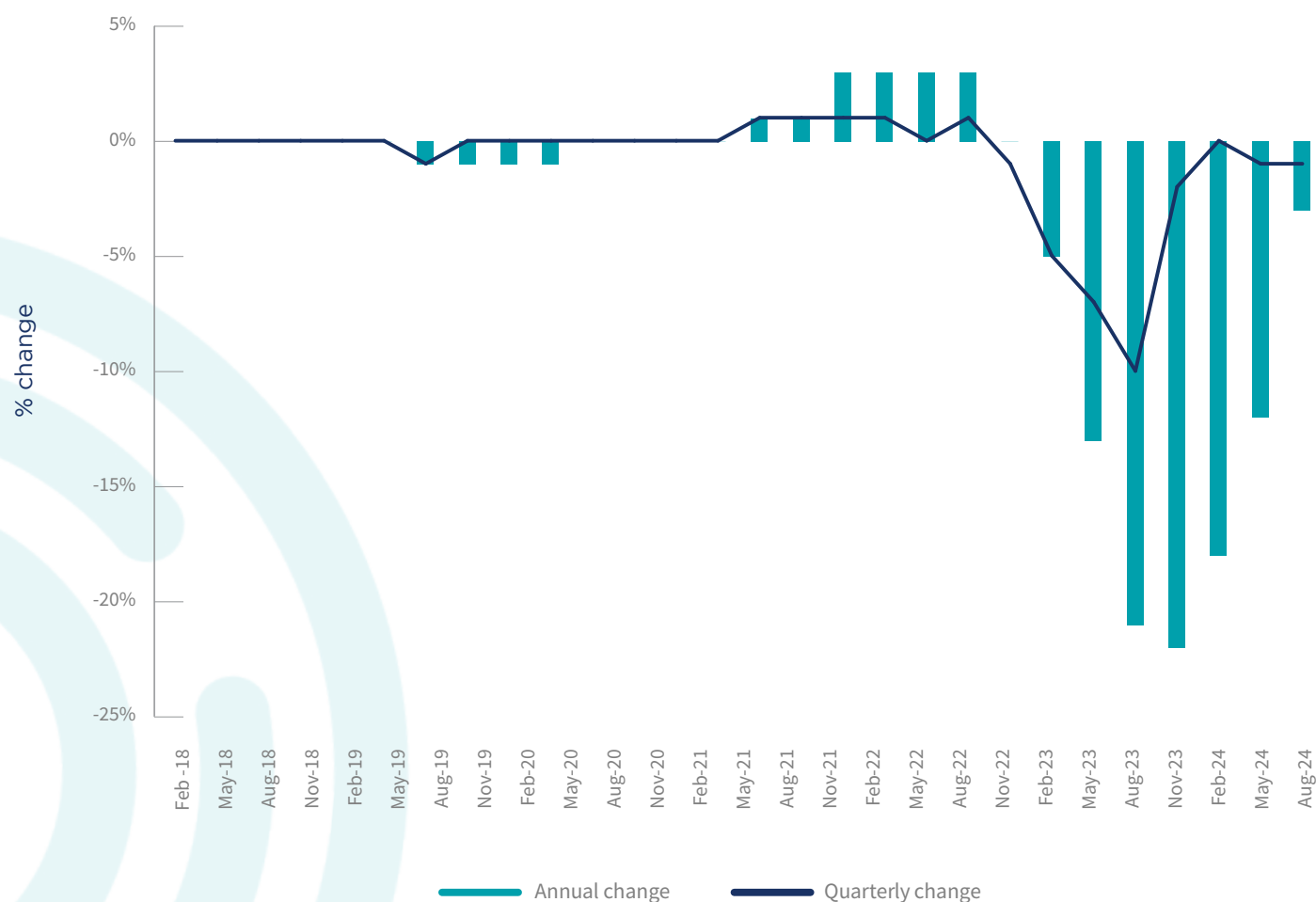
Queries from exhausted business owners looking at their options have increased. These include those who are in financial distress and those who are looking for a dignified dismount while they still have choices. Corporate insolvencies are at record highs, and small businesses are concerned that other businesses that owe them money are insolvent.

Small business owners’ concerns about regulation have rapidly increased over the last year. Fewer small business owners are enquiring about growing or transforming their business as they struggle to stay open. These difficult conditions have affected optimism, with fewer enquiries about starting a new business.



Source: ASBFEO, 2024.

Chart 6: Change in ASBFEO Pulse



Note: The ASBFEO Small Business Pulse did not reflect a fall in 2020 as government support measures outweighed other economic impacts. As economic activity, including insolvencies, have returned to trend levels, the Pulse has reflected these shifts.

Source: ASBFEO, 2024.

14 STEPS TO ENERGISE ENTERPRISE



1. Explore the potential benefits of a tax discount/offset scheme for new small business owners to allow them to keep more of their income to re-invest in their business during the critical first three years.

2. Focus on right-sized regulation, including how regulators and government formulate and administer laws, to help, support and enable small business owners, who do not have the resources of big business, meet their obligations.



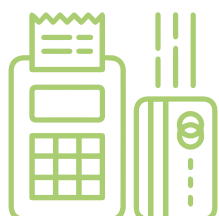
3. Require every Cabinet submission, preliminary and formal regulatory impact statement and new policy proposal to include a small business impact statement.

4. Establish the Prime Minister's Small Business Awards to recognise and celebrate excellence and inspire the next generation.



5. Give small businesses an affordable, effective and timely alternative to defend their own economic interest where fair trading protections and reasonable commercial conduct safeguards are infringed upon, by creating a Federal Small Business and Codes List in the Federal Circuit and Family Court of Australia.

6. Give small business a greater chance to compete for government contracts by decoding the rules and practices that favour the 'in-crowd' of familiar, established and larger suppliers.



7. Make it mandatory for banks and other providers to charge the lowest fee for tap-and-go, dual-network debit card transactions as the default, saving small business around \$1 billion a year.

8. Undertake urgent and decisive action to ensure that essential insurances for small businesses are understandable, accessible and affordable.



9. Ban unfair trading/business practices that distort competition and harm small business.

10. Create a dedicated Small Business Commissioner and Division within the Fair Work Commission to honour the 'special circumstances' of smaller employers which existing workplace law is required to reflect and to oversee the implementation of proportionate instruments, procedures, practices and protections.



11. Require digital platform providers to implement clear, appropriate and standardised procedures for timely small business dispute resolution.

12. Honour businesses, big and small, who fulfil their workplace obligations to employees, meet tax reporting and payment obligations in a timely way and pay small business suppliers in under 21 days, with a 'Good Business Pays' recognition and accreditation.



13. Expand digital learning and practical support via enterprise-specific capacity building and technology deployment and focusing on business system and reg-tech solutions, information management (including cyber resilience, eInvoicing, data management, privacy duties and Consumer Data Right awareness) and practical generative Artificial Intelligence uses.

14. Develop a readily accessible and easily navigable central resource hub of 'best of breed' actionable information, supports, 'how to' guidance, programs and assistance developed by government and private sector specifically prepared for small and family business use.



Tax discount/offset scheme for new small business owners

Business creation and entrepreneurship are essential to driving economic growth, generating jobs, and boosting innovation.

Yet the early years for a new business can be the valley of death for cash flow. Having every available dollar to re-invest in the business will help more to survive and build the foundations for success.

There is merit in exploring the feasibility of introducing an early-stage incentive in the form of a tax discount or offset scheme to support businesses retaining more of the early-stage earnings for reinvestment in the business when it is needed most. This incentive would encourage business formation and reward risk-taking to energise enterprise. It could be based on Singapore's start-up tax exemption scheme which is specifically designed to recognise that small and medium-sized enterprises are an important component of a vibrant economy.

Under the Singapore scheme, eligible new companies receive the exemption for the first three years. It reduces their taxable income by 75% for the first \$100,000 of income and by 50% for the next \$100,000 of income. Under that model a business with a taxable income of \$200,000 would pay no tax on \$125,000 for each year of assessment (with the remaining \$75,000 taxed at the prevailing company tax rate). Alternative models could see the rate of the tax discount or offset taper over the first three years.

Leverage existing initiatives to tackle illegal business 'phoenixing', including DirectorID, to prevent businesses from rebirthing or restructuring in order to benefit.

Right-sized regulation

Regulations affecting small businesses are becoming more in number and greater in complexity. The cumulative compliance burden and fear of doing something wrong is having a chilling effect on entrepreneurship.

One of the reasons the ASBFEO was created was to ensure that policy makers and regulators could be supported in their work informed by practical insights and input from small and family businesses so that decision makers were more responsive to small business circumstances.

There is a need to refocus and renew a commitment to right-sized and transparent regulation, including how regulators and government formulate and administer laws, including the help, support and educative posture that enables resource-constrained small business owners to meet their obligations.

Most small business owners are likely dealing with their increasingly complex compliance obligations late at night after all their other work is done.

The recent budget acknowledged this complexity by providing \$20 million for the Fair Work Ombudsman to help smaller employers comply with the increasingly complex workplace laws and \$10 million to assist smaller employers with administering the revised paid parental leave scheme.

Wouldn't it be better to make the laws relating to small business clearer and simpler?

Small business needs a right-sized, actionable, fit-for-purpose, and efficient approach with appropriate support and guidance to answer the simple question: What is it you want me to do?

It needs to be risk informed, proportionate, relevant and responsive to the 'real life' circumstance and able to be competently implemented without punishing a small business of good intent.

Small business impact statements

One of the reasons that the ASBFEO was created was to ensure measures intended or likely to impact on or aimed at supporting small and family businesses were actually informed by practical insights and input from this community and were responsive to their needs, scale, resourcing and methods.

A number of portfolios, departments and agencies proactively engage with the ASBFEO to collaborate on proposed measures or to seek assistance in engaging directly with impacted small businesses and their representative organisations. This is the exception and there are few other apparent or activated effective channels of bureaucratic engagement with small and family businesses.

It is clear that institutional structures and process to ensure small and family business engagement are necessary to redress a bureaucratic tendency to favour consultation with larger entities and institutions, public sector peers and bigger corporate voices.

To ensure that small and family business considerations are consistently to the forefront of policy, program and legislative design and implementation, including impact statements as mandatory consideration in key decision-making processes of government is a positive and practical action.

It should be a requirement that every Cabinet submission, preliminary, consultation and formal regulatory impact statements, and new policy proposals include a mandatory small business impact statement.

This is a simple yet profound improvement that would mean every time a decision is made, small business will be front of mind, an essential consideration and bright on the radar screen.

Prime Minister's Small Business Awards

We can and need to herald the importance of small and family business to the economy and our communities, to encourage more people to consider an enterprising path.

By creating the Prime Minister's Small Business Awards to celebrate excellence and achievement and inspire the aspirational and next generation, we can powerfully send a clear message that small business people matter and that they, and the contribution they make, are recognised and valued.

There are appropriate and well-deserved mechanisms for Prime Ministerial recognition of exemplar figures in other fields of endeavour (e.g. science, literature, public administration) and so there should also be for outstanding small and family business leaders.

This is a practical step that is demonstrable recognition and celebration of small and family businesses.

Create a Federal Small Business and Codes List in the Federal Circuit and Family Court

Every business should be assured of the opportunity to compete on merit not just economic muscle. Business people should be able to defend their economic interests in an accessible and affordable way when the 'rules of the road' are infringed upon and their business is harmed.

At state level small claims tribunals provide a simple, quick and cost-effective way of seeking justice.

But if it is a federal matter, seeking your day in court means going to the Federal Court which requires a small business to have at least \$200,000 ready to spend on their own case. And it can take two years to get an outcome, and will include the risk of an order to pay the other party's legal costs.

It is no surprise most cases involving a small business never make it to court as this is neither an affordable or timely solution for a small business which may go out of business waiting.

It leaves a small business hoping and praying a regulator, like the ACCC or ASIC, picks up the baton and decides that their case is worth spending its scarce taxpayer-funded enforcement resources on. That rarely happens and there is no plan B. For too many aggrieved small businesses, the protections and safeguards aimed at ensuring fair commercial conduct are illusory and regulators are ‘no shows’.

The introduction of a Federal Small Business and Codes List into the business agenda of the Federal Circuit and Family Court of Australia would provide small business with a pathway to justice that is right-sized, affordable, and timely.

This would empower a small business owner to defend their own economic interest. It would be low-cost and without cost-orders, except where a judge determines the matter is vexatious or frivolous. We suggest capping disputes at \$1 million for awards and penalties, and proceedings could be delivered via online hearings, significantly reducing the time and cost burden on a small business. It would require compulsory alternative dispute resolution before you even get to the court gate.

A Federal Small Business and Codes List would deal with matters that are day-to-day commerce. It is a simple and achievable change to give small businesses a chance to restore whatever harm’s being caused and get back to business.

Procurement

Winning a government contract can be life-changing for a small business. The Australian Government procured goods and services worth \$75 billion in 2022-23 yet small business suppliers accounted for only \$8 billion, or 11%, by value.

The ASBFEO was asked by successive Coalition and Labor Governments to independently examine procurement rules and processes and bring fresh thinking to this long-standing area of contention and frustration for small business. Actions already taken have not shifted the dial.

The overwhelming response from our consultations with Australia’s small business community was that too many feel excluded from the chance to tender for government contracts because they are not part of the ‘in-crowd’.

Repeatedly, small suppliers told us the existing system was bewildering and just not working. The process involved in bidding was too complicated, not conducive to competition, opaque, inefficient, and incongruent with private-sector processes.

We consulted extensively with current and aspiring small business suppliers, government departments, procuring officials and agencies in developing specific, constructive and practical recommendations to maximise opportunities for small businesses to compete.

These considered recommendations need to be implemented if the Commonwealth is to materially improve the prospects of a competitive small or First Nations business becoming a supplier and the Australian Government becoming a model customer.

Mandate Least-Cost Routing

The vast majority of merchants are small and family businesses. Reserve Bank research reveals these businesses are paying 20% more than they otherwise should in higher fees and charges for electronic, contactless, debit-card transactions, such as ‘tap and go’.

Research commissioned by the ASBFEO in 2022 found these higher fees could be worth up to \$1 billion a year across the economy. A lack of awareness and market power means small merchants can’t easily gain access to the reduced transaction fees available to larger retailers.

As we move increasingly towards a cashless society, this cost burden on small business is only going to worsen unless we mandate what is known as least-cost routing, a process that enables merchants to send a debit-card transaction via the network of their choice. Least-cost routing does not affect which deposit account the funds are paid from and does not affect customers using credit cards. Merchants would be charged the lowest fee available - not the higher fee typically charged by international card providers for many transactions.

The Reserve Bank found the change would deliver a saving for the average merchant of \$1,150 a year - money that a margin-squeezed small business would welcome.

While there has been improvement, the latest RBA figures published in February 2024 shows the big four banks have not turned this system on for half their customers and ANZ is the worst with only 31% of its customers connected. This means that the urging of banks to do the right thing hasn’t worked. The time for more decisive action is now.

The banks are choosing to be an ally of big card providers instead of their small business customers. They behave like a sat-nav company who also owns a toll road sending all their traffic, regardless of destination, down the more expensive toll-road route, regardless of what is the fastest, cheapest or best way to go.

A better deal on insurance

Finding adequate insurance cover at commercially viable terms is fast becoming a wicked challenge for small and family businesses. Surveys point to sky-rocketing insurance cost as a top-line concern.

There have been countless examples of small businesses closing down because they either can’t get the insurance they need, or when it is available, they can’t afford the prohibitively expensive premiums or punishing conditions accompanying cover on offer, which in some cases have risen by 200 or 300% in price. Live performance venues are just one example.

Eye-watering excesses and a growing list of exclusions often accompany ‘take it or leave it’ insurance products that can undermine the business’s ability to operate with any hope of being viable.

If a small business isn’t insured, it cannot engage in trade and commerce.

It is also frustrating that many small, family and farming businesses are individually taking risk mitigation steps but are seeing no upside to pricing premiums and availability and affordability of insurance cover.

The insurance sector needs to map out realistic pathways to solutions to give small business the chance to stay in business.

Urgent and decisive action is needed to ensure that essential insurances for small businesses are understandable, accessible and affordable.

Unfair Trading/Business Practices

Unfair practices typically occur when there is a power imbalance, usually by a big business imposing commercial terms or behaviours over a smaller one. Why? Because they can. Power imbalances and commercial dependencies can produce conduct that harms less powerful parties with few options.

Too often, the harmed party is a small or family business. It can be behaviour that unreasonably transfers risk onto smaller party or preserves benefits, profits and opportunities for the dominant business.

Small business might face a precarious situation where profitable work is only available if unprofitable activity is also undertaken. We also see examples where a small or family business with a strong dependency on a big business customer invests or incurs significant expenditure in order to be able fulfil supply requests that might not arise, are accompanied by punishing prices and terms, or are for a fraction of stated intentions.

Other examples include service arrangements where a specialist business holds a smaller business to unsatisfactory arrangements by hanging onto passwords, denying access to services or enforcing service arrangement well beyond what is needed. Codes and intellectual property can be withheld unless unfair terms are agreed. Arrangements might be subject to one-sided unilateral changes, conditional on separate accompanying onerous obligations, undocumented and dubious supply 'understandings' and trading conditions and payment terms that get 'gamed'. These 'more than sharp' commercial practices, if documented in a standard form contract, would likely breach unfair contract terms protections.

If action cannot be taken under unfair contract terms protections, the next possible relevant prohibition relates to 'unconscionable conduct' with its externally high and often out of reach legal thresholds.

Unfair business practices distort competition, discourage investment and harm small business and consumers. It's not illegal in Australia, but it should be.

Unlike comparable jurisdictions, Australia has little to protect small businesses from this kind of conduct. Such practices have been outlawed in the UK, Europe and Singapore.

An unfair business/trading practices prohibition is the 'missing middle' in the fair commercial conduct framework between the unfair contract terms and unconscionable conduct prohibitions.

An unfair business/trading practices prohibition has been in discussion between governments for some years, largely led by officials and heavily focussed on consumer implications. It is needed now, should be enacted as a matter of priority and include a strong focus on business-to-business application.

Workplace relations

Australia's workplace rules are complex, onerous and difficult for small business to navigate. Despite 93% of employing businesses being small, no-one could suggest that the workplace regime has been devised with these smaller employer respondents as the guiding consideration.

We have some of the most complicated workplace laws in the world. Even the biggest companies, government departments, universities and institutions struggle to comply at all times.

Having access to specialised external or internal resources should not be a prerequisite to operating a business. Yet increasing complexity and the administration burden it imposes is disproportionately borne by small businesses.

The Fair Work Act specifically requires acknowledgement of the special circumstances of small and medium-sized businesses.

Yet the procedures, modes of engagement and terminology of the Fair Work Commission are unfamiliar and intimidating for small-business owners.

To honour the special circumstances of small and family businesses, the Fair Work Commission should have a Small Business Division led by a dedicated Small Business Commissioner. This would enable the Commission to have people who understand the unique challenges for small businesses and their employees and provide a simpler and more streamlined jurisdiction, support an educative posture towards compliance, enforcement and engagement, and ensure right-sized processes and procedures.

Digital platform providers

Digital platform providers should be required to implement clear, appropriate and standardised procedures for small business dispute resolution.

The number of cases we've seen involving a small business having problem with a digital platform has more than doubled since July 2022 and continues to be one of the top requests for assistance that requires a case manager to get involved.

Digital platforms have fundamentally changed the way small businesses connect and sell to their customers. Yet, when there is a problem – such as having your account shut down after being hacked – solving it can be a nightmare.

In too many cases, when there is a problem, the digital platform providers require a time and resource-poor small business to navigate the most elaborate maze of dead-ends and blockages.

Small businesses watch helplessly as the financial and emotional damage occurs in real time with no ability to stop it. They lose customers and money, if a credit card linked to these accounts is being used by the hacker or the hacker uses the account to access and harm other customers.

Some of the delays experienced by small businesses have lasted many months and having someone else access and control their account is devastating for their business and their reputation.

We are urgently calling for these platforms to implement clear, appropriate and standardised procedures to enable a timely resolution for small business disputes with clear internal escalation points, promotion of external dispute resolution support and dedicated contacts for dispute resolution agencies like the ASBFEO so small businesses can have their dispute handled efficiently and resume operating their businesses sooner.

It needs to be backed by a real person you can speak to when a problem can't be easily fixed.

Resourcing of this function should be canvassed with digital platforms, along with reporting mechanisms to regulators and policy makers to inform decisions about the adequacy of this intervention. This would help reduce delays to small businesses regaining access to hacked social media accounts, so that they can take down fake advertisements, recover control over their advertising payments, recommence operations, and rebuild their public trust and reputation.

'Good Business Pays' accreditation

The community, law-makers and regulators rightly expect businesses to be good corporate citizens and to fulfil the many duties and obligations that come with the big responsibility of business ownership.

Payment obligations are at the forefront of expectations (and enforcement interest) as failing to meet these obligations causes economic harm to others, undermines confidence in the fairness of key systems and if not met, represents a potential competitive advantage for offending businesses. These payment duties include fully meeting workplace pay and conditions requirements, fulfilling tax reporting and payment obligations as they are due and paying small business suppliers in a timely way.

Fair Work Ombudsman enforcement activity and widely publicised prosecutions seeks to ensure employers are meeting their obligations. The ATO is actively pursuing business ‘lodge and pay’ duties with a more muscular enforcement posture after some years of COVID-related accommodations.

The Government and Parliament have recently moved to strengthen the up until now ineffective ‘Payment Times Reporting Scheme’ and regulator tools that monitor big business payment ambitions and performance toward small business suppliers. In the past year 42% of the ASBFE’s assistance cases involved a payment dispute – often between small businesses – that can place an unpaid small or family business with modest cash reserves in a precarious position.

With regulator enforcement action and reputational risk for businesses not fulfilling their payment obligations, the ‘deficit’ lens of ‘non-compliance’ dominates the public narrative. With supply chain parties and public procurement process increasingly emphasising good payment practices, a positive affirmation would assist businesses doing the right thing.

A ‘Good Business Pays’ recognition and accreditation scheme would honour businesses, big and small, which fulfil their workplace obligations to employees, meet tax reporting and payment obligations in a timely way and pay small business suppliers in under 21 days.

Digitisation support

Technology provider and government research supports professional body surveys suggesting that the deeper a small business’s digital engagement, the more robust, profitable, likely to add employees and inclined to innovate the business is likely to be.

Comparative research between Australia and regional economic neighbours points to a correlation between the early life stage of the business and the younger age of the owner, with the extent of digital engagement and the deployment of technology to generate new value and offerings.

Digital business systems are increasingly helpful in meeting more complex reporting and compliance obligations, and freeing time and owner’s attention from the ‘business of running the business’. Digital tools are also central to new market and channel opportunities to find and delight customers.

The deepening digital engagement and its expanding reach and depth into business activity is also increasing the risk of and consequences if the small business is compromised by a cyber-attack, digital presence manipulation, nefarious online action or data breach.

While governments, dedicated agencies, financial institutions, business systems providers and service platforms are very active in seeking to equip and support small and family businesses with appropriate digital tools and know-how, it is often a confusing, uncertain and untidy landscape.

Just like the policy imperatives and public narrative surrounding the many issues and opportunities, support resources and capacity building assistance are too often siloed and not specifically relevant to small and family businesses. Industry associations play an important role, often tailoring and curating available support to the needs of its members.

Government needs to tackle the many digital issues and opportunities in a coherent and coordinated way, bringing separate agencies and policy objectives together into a connected, relevant and engaging conversation with small and family business.

An immediate example involves foreshadowed changes to the privacy framework, and the adjacent issues of cyber protection, digital presence, eInvoicing, data custodianship and consumer data right participation. Each is being pursued in a siloed way with different (often unknown) lead agencies, bespoke duties and concerns about complexity and compounding compliance obligations. These can and should be addressed as an integrated

‘information management’ initiative highlight both the business benefits, as well as any new obligation through a synchronised engagement with small and family businesses through familiar intermediaries.

Thankfully, resources are being made available for support, training and assistance, but too often relate to a discrete element or at a generic introductory level. Support should focus not solely on raising digital knowledge and know-how, but also on deployment. Awareness should be accompanied by activation support on how to bring this knowledge to life for the benefit of individual small and family businesses in ways specifically relevant to their business objectives, needs and operation requirements.

By expanding digital learning and practical support via enterprise-specific capacity building and technology deployment, we can really drive digital uptake and business-benefitting application.

Early focus should be on business system and reg-tech solutions, information management (including cyber resilience, eInvoicing, data management, privacy duties and CDR awareness) and practical AI uses. This way, we can better put these digital capabilities in the hands of interested and engaged small and family business owners in a coherent and connected way. This will help develop a clearer understanding about what these tools and initiatives mean for the individual small or family business, how deeper digitisation can assist their business, advance their goals and open up new opportunities to streamline compliance, strengthen the business and energise enterprise.

Making it easier to access available support

There is no shortage of resources, guides and assistance available to small and family businesses about any and all considerations and challenges across the business life cycle. But how do you find them and which to choose?

Government alone produces a plethora of ‘how to’ and helpful resources accessible through a number of hosts, channels and entry points. Added to this are countless guides and toolkits provided by non-government industry associations, platform and system providers, financial services and advisory firms and trusted adviser networks and personalities. Combined, these represent a snowstorm of input, advice and helpful guidance, so overwhelming it is hard for a time-poor and resource constrained small and family business owner to know where to start.

Where to look? What to trust? What is most relevant for my business? How can I get help making sense of them? I can’t be the first to have this problem or tackle this concern? How might this new opportunity be applicable for my business? Just what it is I need to do?

These are just some of the considerations a small business owner needs to contemplate as they navigate a busy ‘resource rich’ support environment. The present eco-system of support for small businesses from regulators and governments is often impenetrable for a time-poor small business owner.

And doing more of the same seems not to be the answer. An ASBFEO survey revealed that ‘government’ is both the most trusted and least trusted source of reliable advice, assistance and support resources. Recognised government resources, such as the ATO’s *Essentials for Strengthening Your Small Business*, are praised for the quality of some of the assistance material produced and services provided, but there is a wariness around sharing too much information for fear it could be used for compliance purposes.

Industry associations and trusted advisers are highly valued for the relevant advice and support but often (understandably) restricted to the paid membership or fee-for-service requirements that can be a barrier to use.

A free, readily accessible and easily navigable central ‘resource hub’ is needed, supported and ‘powered by’ government but delivered by a ‘near’ government provider. It would showcase ‘best of breed’ actionable information, supports, ‘how to’ guidance, helpful programs and available assistance, conveniently brought together ready for small business use.

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