

## **MEDIA STATEMENT**

**29 September 2020**

### **United call for Small Business Viability Review program in budget**

The nation's peak accounting and bookkeeping bodies have joined forces with the Australian Small Business and Family Enterprise Ombudsman Kate Carnell to make a united call for a Small Business Viability Review program to be included in the Federal Budget.

CPA Australia, Chartered Accountants Australia and New Zealand (CAANZ), Institute of Public Accountants (IPA), Institute of Certified Bookkeepers (ICB), Council of Small Business Australia (COSBOA) and the Ombudsman are calling for a government funded subsidy to ensure small businesses can access urgently needed professional advice on their viability.

Under the jointly proposed Small Business Viability Review program, small businesses with up to \$10 million in annual turnover would be eligible to obtain a subsidy valued up to \$5,000 to access a tailored 15-month plan from an accredited professional on how and whether to turn around their business or exit.

"Small businesses have endured the toughest trading conditions we've seen in living memory over the past few months and the sad reality is that not all of them will survive," Ms Carnell says.

"As of today, there are many Australian small businesses that are no longer eligible for JobKeeper, however they may still be experiencing a significant reduction in turnover of anything up to 29%.

"Those businesses that aren't getting JobKeeper will also no longer be eligible for rent holidays or reductions as JobKeeper eligibility is part of the criteria for commercial rent relief negotiations.

"With banks also seeking repayment plans from their small business loan holders, there is a snowball effect that could place many otherwise viable small businesses under significant financial distress.

"Small businesses need access to an accredited professional adviser such as an accountant or bookkeeper to judge the viability of the business now. This is the critical first step that the small business owner needs to take so they can make an informed decision about the future of their business.

"Our modelling suggests 500,000 Australian small businesses would take up the viability subsidy at a budget expense of approximately \$1.5 billion.

CPA Australia CEO Andrew Hunter says providing financial support to businesses to access advice would benefit businesses, their staff and the economy.

"Access to professional advice is essential to enable businesses to manage through a crisis, adapt to the new environment and aid in their recovery," Mr Hunter says.

"This process takes time and requires support. The risks of failure are likely to be higher for businesses that are unable to pay for professional advice."

Chartered Accountants Australia and New Zealand CEO Ainslie van Onselen says small businesses under financial strain may not be able to afford much-needed professional advice in the midst of a pandemic-induced recession.

“Small businesses have a short window to revitalise their operations and professional advisers play a key role in determining the best course of action,” Ms van Onselen says.

“Tight cash flow, compounded by other business costs, could make professional advice unaffordable and that would imperil their future.”

Institute of Public Accountants CEO Andrew Conway says access to professional advice goes to the heart of businesses managing through the crisis, to business recovery and adapting to the changing environment.

“The Government’s recently announced plans to overhaul insolvency laws to give small businesses a chance to trade through the coming months is welcome,” Mr Conway says.

“It’s now vital the Government supports these small businesses to get the tailored advice they need to plan ahead.”

Institute of Certified Bookkeepers Executive Chairman Matthew Addison says it is vital small businesses get advice from a trusted source, such as their accredited bookkeeper.

“Bookkeepers have been working hard to assist their small business clients over the past few months,” Mr Addison says.

“Government support for small businesses now will assist them to make a wise decision about their future.”

COSBOA CEO Peter Strong says the COVID crisis, which has come on the back of devastating natural disasters, has driven many small businesses to the brink.

“Deloitte Access Economics modelling estimates about 240,000 small businesses are at risk of failure and that highlights the need for small businesses to sit down with their trusted adviser for a viability assessment,” Mr Strong says.

“We know that many small businesses are under enormous financial pressure as a result of this crisis and the sooner they act on their professional advice the better the outcome for everyone involved.”

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