

NEWSBRIEF:

AUSTRALIAN SMALL BUSINESS EXPECTS CHANGES AND ADVERSE IMPACTS

Some 77% (actual 77.32%) of Australian small business owners expect to be directly, and adversely impacted by the results of the Federal elections.

A total 81% (actual 81.37%) anticipate an ALP victory, and a change in policies and priorities.

58% (actual 58.27%) of small business owners, who employ up to 50 people, believe they will be “personally hit” by a change in Federal government. Most concerned are those who have 5 or less employees (defined as micro-businesses).

The primary issues of concern expressed by small business owners highlight that the election results are not being considered in isolation. Current market circumstances are deemed to be challenging, and changes may accentuate prevailing issues.

ISSUES OF CONCERN (IN DESCENDING ORDER OF UNAIDED NOMINATIONS):

- Customer demand
- Wages – possible increases
- Consumer confidence
- Cash-flow
- Competitor pricing – discounting
- Profit margin squeeze
- Rental payments
- Trading hours
- Recruiting/retaining good staff
- Penalty wage rates
- On-line competition

Overall, the sector has heightened degrees of concern. Some 62% (of the 961 participating small business owners in the national on-line study, which was conducted on-line on 26 and 27 April) stated that they were “very concerned”, a further 2% were “not at all concerned”.

The highest rankings (of concern) were expressed by those from the retail and hospitality (including cafes, restaurants, food and coffee/tea outlets) sectors.

LACK OF ACTION

Only 9% of respondents had, or were about to implement changes in operations, plans and strategies in anticipation of a change in government, policies and priorities. 12% had “considered” possible pre-emptive actions.

A total 72% of small business owners stated that they intended to wait for final election results before initiating any action.

Interestingly, a minority of participants believed the composition of the Senate, and the number of cross-benchers would be influential on the degree of impact a change in government will have on their business, and the probable timing of policy change implementation.

GETTING PERSONAL

One in six (17%) of small business owners expected to be personally disadvantaged by changes in the payment of franking credits.

One in eleven (9%) were concerned about the withdrawal of benefits for future negatively geared property purchases.

No one person intended to take immediate action on their current property, and investment portfolios.

A majority of small business owners reported having less than \$350,000 in their personal superannuation account.

ANALYSIS

Barry Urquhart of Marketing Focus, the lead researcher, said:

“Small business owners clearly exhibited concerns about possible and probable consequences to a change of government, policies and priorities.

However, the expressions were not limited to the Federal elections.

There is considerable sensitivity to current consumer confidence, expenditure patterns, competition and operating costs.

It is disturbing that there was little evidence of proactive initiatives. Intended outlays on capital expenditure were isolated.”