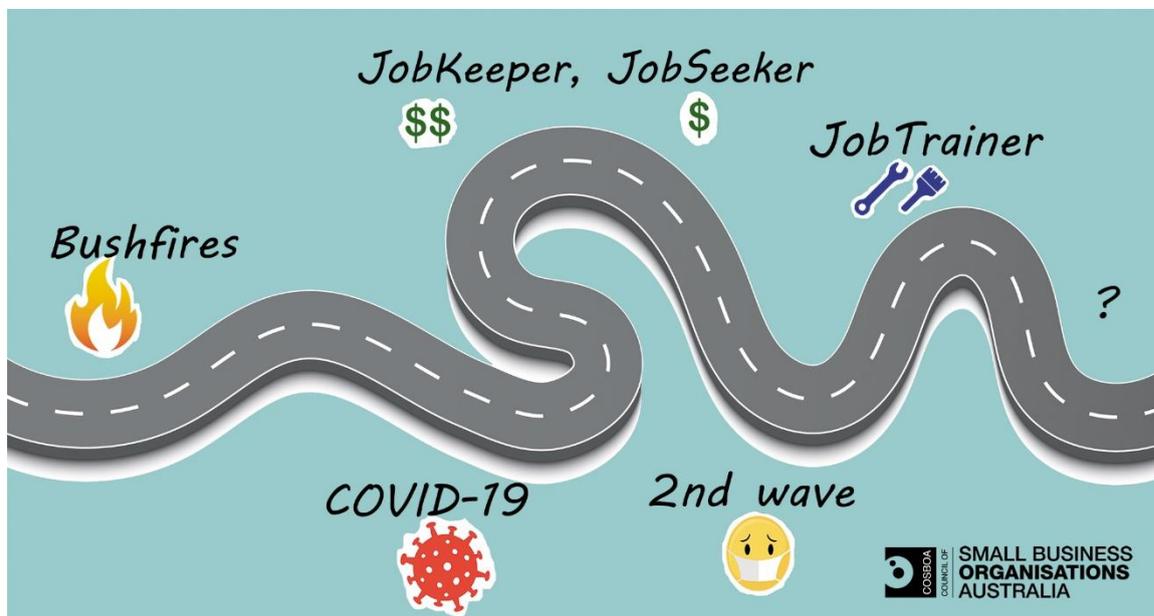


COVID-19 Business Recovery Council

The long and winding road to recovery, beyond September



Three streams of small business support.

1. Keep JK going for viable businesses requiring short term assistance to continue.
2. Provide expert support as needed to businesses that must change to continue.
3. Provide a dignified exit offering, for support, retraining and reskilling.

COSBOA's consultation with a core group of business representatives since May has focused on how to transition and support businesses that will continue to operate and those that will have to close.

This group, the COVID-19 Business Recovery Council (the Council), provides reports to the National COVID-19 Coordination Commission (NCCC) among others.

The road to recovery is long and winding. There is great ingenuity, innovation, resilience, and grit in the small business community. They employ over half the country's workers. Fire, drought, flood, disease, and a global economic downturn means we need Australia's small business community, more than ever. Our local shop, or manufacturer, or service provider, are relied on to keep communities and economies healthy. In tough times, local small businesses are rapid to respond and re-tool. They are imaginative and resourceful, but not even the best scenario planning could predict the economic shocks from COVID-19. Currently, it is vitally important that Governments lead and show the same resourcefulness that personifies the small business community.

The view of the Council is to tailor JobKeeper (JK) after September to the needs of business and industry sectors. This will keep people employed in viable businesses. We also know that as business support is removed (loan and rent deferrals, JK) there will be businesses that will not be viable.

Big and small businesses are looking at the economic downturn and determining what to do with staff that will not be required. Do they make them redundant now or after JK ends? Small business-people are looking at their staff, they are often people who have been in the business for many years and having to make hard decisions.

Business owners are wondering; are they better closing their businesses and looking for work earlier rather than later? What about their staff? Timing is critical. This is a time when some business people are stressed and may not be able to make good rational decisions, (toilet paper anyone?). There are small businesses that have already used their cash reserves. How will they pay redundancy payments?

There are also not enough registered liquidators and administrators to deal with the number of companies that will need assistance. The CPA reports there are only 700 registered liquidators who are about to be overwhelmed. The insolvency regulations need a rapid overhaul to streamline and enable business to exit with dignity and be able to reopen when they are ready.

It was acknowledged, COSBOA must start a conversation early with the Government and share ideas on a roadmap to recovery after JK ends. This must include a dignified exit for some business owners and recognition of the inherent mental health issues that will accompany exit. Business people must be advised to seek advice early and get good advice from people that understand both the business and the industry sector. Advice needs to be readily available and accessible locally.

We acknowledge the impact on specific industry sectors. For example, women running businesses (40%) have confronted the lack of affordable and accessible childcare which is exacerbated when cash flow is reduced. Young people will be impacted significantly, and some regions and communities will be hit harder than others.

Many small businesses will be looking at re-structuring. Working from home and reduced turnover may see less need for commercial space. Landlords are also going to face difficulties if they evict tenants, only to find, there are no businesses prepared to take new leases for the space.

Business support, of the kind we recommend, is not new. The model some in Treasury may be familiar with is the GST Start Up Assistance model, which was run from Treasury from 1999 to 2001. Under this scheme, the federal government allocated \$500 million to assist SMEs, community groups and education bodies prepare for the implementation of the GST. The funding included \$130 million to industry and professional organisations to run education campaigns. Ireland has also developed a [Business Continuity Voucher](#), with eligible businesses entitled to vouchers of 2500 euros that can be used for training or advisory support services. Tasmania also had its \$750 [Business Continuity Grants](#) . We understand over 2000 grants were paid before it was shut early due to over demand).

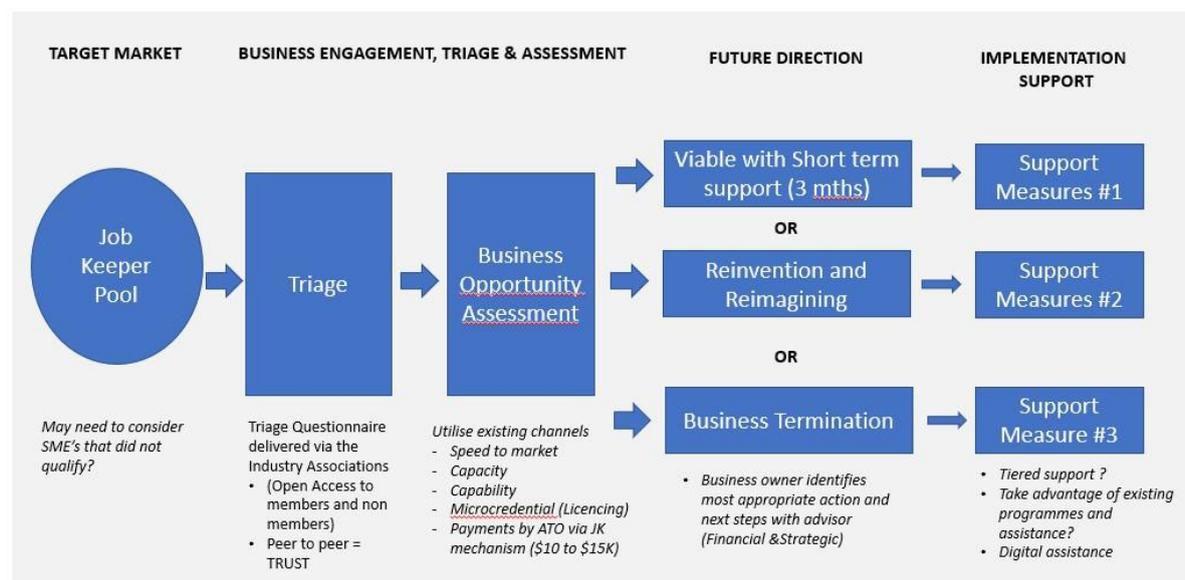
It is critical to the success of the initiative that the advisory service be made available to as many small businesses as possible. Ideally more than 200,000 small businesses should get access to quality business advice quickly. This injection will inhibit much of the long-term pain we see when businesses don't close early enough. It is an extremely tough decision.

Delivery is best through existing frameworks and through proven and developed relationships of trust. A partnership between Government agencies and industry and professional associations would be ideal.

Three streams of small business support.

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The road out of JK – a draft concept



The Council identified local economic development support is essential to get the best return from government programs. New mechanisms need to be developed at the local and regional levels to enable government support be tuned and driven by local needs and knowledge.

Government and Industry and Professional Association Partnership

Consulting through industry and professional organisations (who have sector specific experience) with Government support is an ideal, rapid solution. This avoids re-inventing the wheel. This can be linked

with a mental health service tailored to small businesses (utilizing and coordinating already developed facilities and service delivery) that removes the personal stress business owners feel when they get in trouble. It will encourage them to reach out for support earlier and addresses the unnecessary stigma of failure that surrounds business closure.

Australian Bureau of Statistics (ABS) reports 60% of small businesses sought advice from, in order: their accountant, bank, lawyer and bookkeeper. The Government is last especially the ATO, even though we recognise the excellent work done there during COVID-19, the cultural dynamic is not appropriate.

Small business is about people. It is critical that business people are assisted to either viably stay in business or exit with dignity. No one benefits if the family home is lost and families suffer the effects of negative change. There is a much focus on mental health and workplace wellness for employees and very little recognition of the stress and pressure on 2.3 million people who own 800,000 businesses when 10-50% of their turnover is removed suddenly, and repeatedly.

We recognise the support announced by the Prime Minister and hope to build on that as we see more and more of the self-employed and small business leaders confronting personal crisis. The mental health of the small business owner is directly correlated to the health of their business. The best support services for small business people in difficulty understands this interconnection and approaches them with integrated solutions, in a trusted relationship.

Communications are critical. We cannot overly complicate it. We envisage developing a simple self-assessment online Q&A form, to identify distressed business owners. Business owners would know what stream they fall into; need JK a bit longer, need help to reimagine, don't know what to do (and dreading the thought of closing). The business person can be immediately put in touch with someone who can help. This is akin to a triage process, with those in greatest need getting greatest help, with levels of help being identified and matched by people with small business experience.

The nuances of each individual business are important. Industry associations coupled with professional services, already know the terrain. Assistance needs to be realistic, a SWOT analysis and review of P&L to confirm their position and program stream. Assistance needs to be from trusted skilled business people, but it doesn't have to be complicated. After that, there's a diverse range of options that could be utilized, in consultation with their advisor, to get these businesses back to health.

Business owners need to access this assistance quickly without impediments. Knowing the support for consulting from a recognised local professional and industry association will be provided through government funding would mean they could reach out and be assisted earlier. The impediments for seeking advice would be removed and trusted advisors immediately available. This means that the viable businesses will be given the support to stay open and the non-viable business are given to support to close with dignity early and calmly. This means more business people will be able to re-open once they have recovered and regrouped.

Small business is going to need clever, fast, targeted and regionally based assistance.

A budget of up to \$20K for an assessment and if needed a recovery plan could be around \$13B for the numbers the Council modelled. This is what is required to save hundreds of thousands of businesses and jobs. This is an investment in businesses that will drive economic recovery. Establishing a business takes enormous amounts of energy, determination, and passion. Letting these mostly viable businesses languish and struggle will come at a very high costs to individuals, employees, families, communities and eventually the Australian economy. It is better by far, to give them a hand when they need it on the long and winding road to recovery.

COSBOA sees the need to get this mechanism up fast and are available to discuss implementation.

COSBOA JK Transition program - draft framework for discussion

The assistance process outlined in COSBOA's Road to Recovery Submission will need to be implemented in a manner that maximises access for SME owners and guards against the risks of sub-optimal usage of taxpayer funds and/or misuse of the system by unscrupulous providers.

Accordingly, COSBOA proposes to jointly develop with the Federal Government assistance to small business in accordance with the following principles:

- a) Available to ALL JobKeeper business participants only, with a view to providing them with a mechanism for transition away from reliance on Job Keeper post September 2020. This utilises the existing communication mechanisms that were established by the Australian Taxation Office to support JobKeeper.
- b) The payment of funds would be made by the ATO in the same manner as JK payments are currently made (i.e. direct to eligible businesses) but would be dependent upon the submission of an invoice from an 'accredited' provider (e.g. accountant, bookkeeper, tax agent, business consultant, lawyers or business broker). Management of the validation of accredited providers could be achieved via utilisation of the accreditation systems already used by regulators such as the Tax Practitioners Board and relevant industry bodies.
- c) Payments to businesses would be made based on an appropriately rendered invoice – as opposed to having to make the payment first. This action recognises that many of these businesses will likely have scarce cashflow and will need to free up cash flow to keep their business operating through the assessment process.
- d) On businesses application a business opportunity assessment by an accredited provider can be conducted to a *maximum* value (e.g. between \$5k and \$20k) for the provision of professional assistance for the conduct of a business transition and early implementation of any strategy emerging from this assessment and assistance program.
- e) Marketing of the program to SME's would be conducted by existing industry associations working in isolation or in partnership with other industry associations and/or service providers.
- f) The total cost of this program will vary according to percentage of businesses prepared to participate in the transition from JobKeeper. If 75% of JK businesses were to participate in the program, for example, the cost of this program would range between a low of \$5.85B (for a \$10k voucher) to \$11.7B (for a \$20k voucher). Estimated costs for other variations of this participation rate are shown below:

JK Pool	% Participation	Total Participants	Voucher Value		
			10,000.00	15,000.00	20,000.00
780,000.00	85%	663,000.00	6,630,000,000.00	9,945,000,000.00	13,260,000,000.00
	75%	585,000.00	5,850,000,000.00	8,775,000,000.00	11,700,000,000.00
	60%	468,000.00	4,680,000,000.00	7,020,000,000.00	9,360,000,000.00

The Delivery – Road to Recovery Beyond September - Short term Small Business assistance from Government and Industry Associations in Partnership

How it could work simply;

AUGUST

- Grant funding approved budget - Treasury
- [Insert most suitable Government Dept, i.e. Dept Industry Science and Energy/ASBFEO] creates concise website landing page of information with applications for businesses and associations
- [Gov] calls for industry associations and professional organisations wishing to provide services to small businesses
- Associations deemed to have the capacity and small business credentials, have an existing consulting network or can contract manage business and professional services consultants relevant to assisting small business in specific sectors or areas are approved by [Gov] to offer services to small businesses.
- ATO SMS message to JK recipient employers directing them to [Gov] business road to recovery assistance web page

SEPTEMBER

- Website opens to business applicant criteria, on Job keeper, will experience continued 30% downturn, and is asking for further assistance. The business self-identifies itself into one of three categories;
 - Those that will need some form of limited and tapered ongoing JK support
 - Those that will need to re imagine and reform how their business will operate
 - Those that are unsure what they do next and may need to close
(Need for careful crafting using appropriate language)
- Subject to an initial assessment by the Association's consultant, businesses are confirmed and categorised in streams and approved for funding.
- [Gov] issues vouchers to Businesses.
- Those vouchers are paid by [Gov] on presentation from the Association after the services are delivered.

Rationale

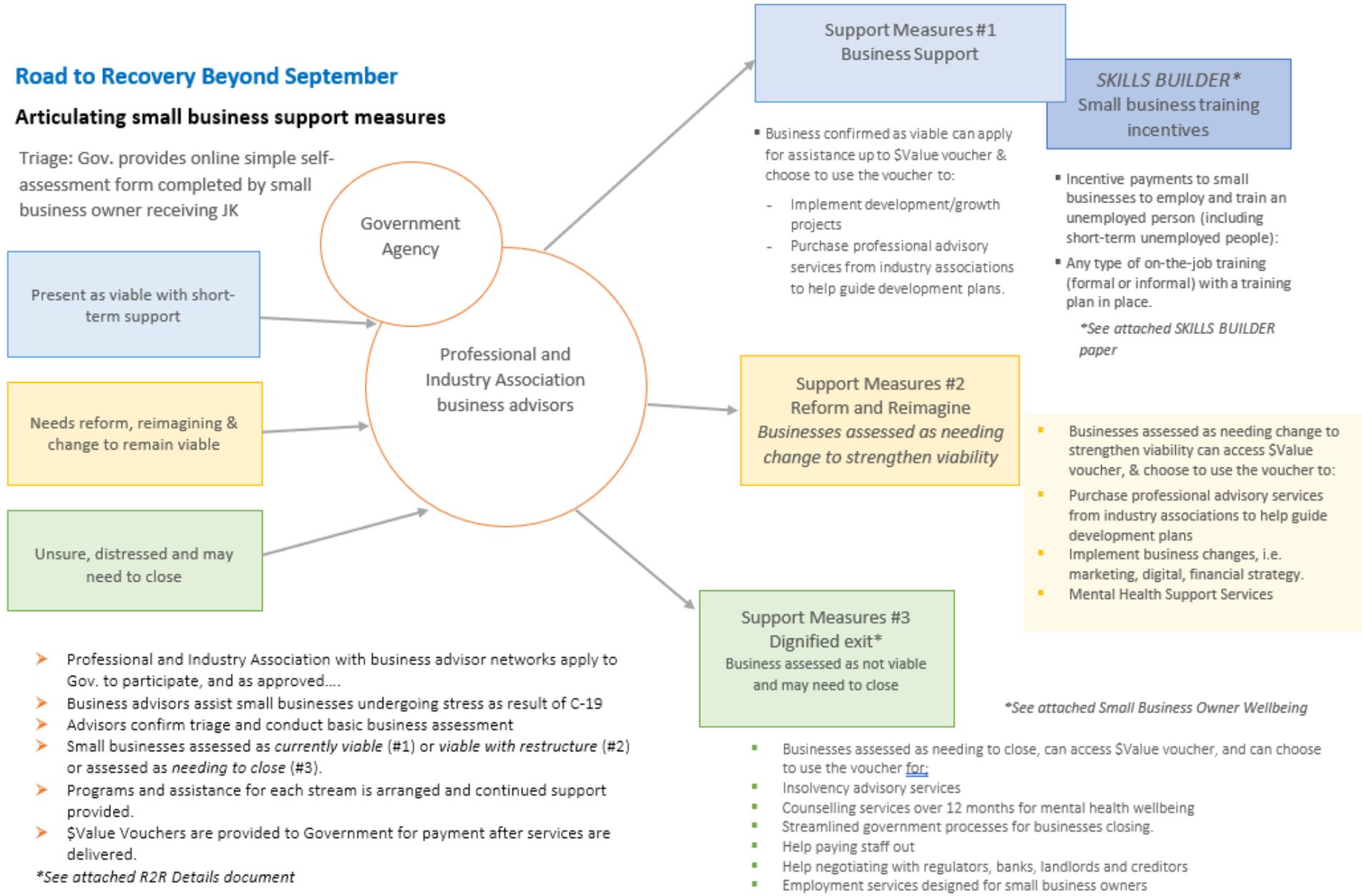
- Government does not want to continue to fund those on JK that do not need it
- Government does not want to continue to fund those on JK that are not viable
- Government does not want to abandon businesses that can survive and thrive
- This identifies and assists small business to transition
- The health impact of COVID-19 has been limited, at the cost of the economy, so there is an argument that this small business assistance is deserved as businesses complied – at their cost – to health restrictions.
- Assistance is cheaper than unpaid redundancies, court action, mental health issues etc.
- Assistance has an upside; it means viable business will continue to operate and become drivers of the economy into health.
- There are going to be too many businesses for any Government initiative to ramp up at the speed required to deliver assistance services. The alternative is to turn off the tap without support.
- Industry and Professional Associations have a proven track record of assisting their members, this would be open to all businesses. See reports.
- Consulting services can be delivered online, so are cost effective and accessible.

Note – this is aimed at SME small businesses.

Road to Recovery Beyond September

Articulating small business support measures

Triage: Gov. provides online simple self-assessment form completed by small business owner receiving JK



- Professional and Industry Association with business advisor networks apply to Gov. to participate, and as approved....
- Business advisors assist small businesses undergoing stress as result of C-19
- Advisors confirm triage and conduct basic business assessment
- Small businesses assessed as *currently viable* (#1) or *viable with restructure* (#2) or assessed as *needing to close* (#3).
- Programs and assistance for each stream is arranged and continued support provided.
- \$Value Vouchers are provided to Government for payment after services are delivered.

*See attached R2R Details document

**Support Measures #1
Business Support**

- Business confirmed as viable can apply for assistance up to \$Value voucher & choose to use the voucher to:
 - Implement development/growth projects
 - Purchase professional advisory services from industry associations to help guide development plans.

SKILLS BUILDER*
Small business training incentives

- Incentive payments to small businesses to employ and train an unemployed person (including short-term unemployed people):
- Any type of on-the-job training (formal or informal) with a training plan in place.

*See attached SKILLS BUILDER paper

**Support Measures #2
Reform and Reimagine**
Businesses assessed as needing change to strengthen viability

- Businesses assessed as needing change to strengthen viability can access \$Value voucher, & choose to use the voucher to:
- Purchase professional advisory services from industry associations to help guide development plans
- Implement business changes, i.e. marketing, digital, financial strategy.
- Mental Health Support Services

**Support Measures #3
Dignified exit***
Business assessed as not viable and may need to close

- Businesses assessed as needing to close, can access \$Value voucher, and can choose to use the voucher for:
 - Insolvency advisory services
 - Counselling services over 12 months for mental health wellbeing
 - Streamlined government processes for businesses closing.
 - Help paying staff out
 - Help negotiating with regulators, banks, landlords and creditors
 - Employment services designed for small business owners

*See attached Small Business Owner Wellbeing

Duty of care for the predictable distress of self employed

Introduction

COSBOA's consultation with a core group of business representatives since May has focused on how to transition and support businesses that will continue to operate and those that will have to close. This group, the COVID-19 Business Recovery Council (the Council), provides reports to the National COVID-19 Coordination Commission (NCCC) among others. Its proposal is to provide support in three streams to small businesses being;

4. Keep JK going for viable businesses requiring short term assistance to continue.
5. Provide expert support as needed to businesses that must change to continue.
6. Provide a dignified exit offering, for support, retraining and reskilling.

This paper explores small business needs that will cater for mental health wellbeing for business owners in stream 2 and particularly in stream 3. [The Road to Recovery Beyond September link.](#)

Small Business Owners Wellness Resources

Three main websites have been set up for small business owners mental health wellness.

[My Business Health](#) ASBFEO website

[Ahead for Business](#)

[Beyond Blue My Workplace](#)

With dozens of other smaller and excellent resources available on line particularly through State and Territory Governments.

There is a lot of information about workplace wellness and the Government is committed to more with design and development now starting around a framework for a National Wellness Initiative, being undertaken by the Mentally Health Workplace Alliance (MHWA = Stakeholder working group and consultation) and the Australian Government's Department of Health. The Government also acted early in March committing additional \$1.1B for mental health, domestic violence, Medicare and emergency food relief.

COSBOA identified two issues for small business owners with the current approach in the situation caused by COVID-19

- Most programs approach workplace wellness from an employee centric perspective
- Most programs are information heavy and support poor

Modelling by COSBOA, including it' members Certified Practicing Accountants Australia (CPA) and Institute of Certified Bookkeepers (ICB) and through insights provided by accounting software like Xero, put business distress and close in the vicinity of 100,000 to 200,000 small businesses over the next six months. The Treasurer predicts the unemployment rate will double as support is withdrawn. That is a lot of people firing people and the associated distress is going to be enormous.

This is a very predictable mental health crisis for small business people who have sacrificed their economic health for the country's safety. There is a clear duty of care for those people who will now pay an enormous price for their sacrifice.

In the three months prior to Christmas, many small business owners, real people will be closing their business, terminating their staff, placing their home on a depressed property market, selling the company assets, losing their identity and wondering how to live through the annual holiday season.

A small business owner who is distressed is not making rational choices (toilet paper anyone?) We need to get real help to them fast. The cooperation witnessed between the ATO, Treasury, ASIC and Services Australia can be replicated over the next few months to include the Department of Health, business, industry and professional associations to rapidly collaborate and compile easily accessible and real resources, beyond informative websites, for small business owners in distress, (through no fault of their own.)

The mental health of a small business person is directly correlated to the economic health of their business.

To address mental health, the conversation starts with business health. Assisting a small business owner, means we need to address the business first, like an oxygen mask in an aeroplane. Small business people are practical people. The best assistance is pragmatic, will get into the details and provide real, trusted, rapid, expert business assistance.

One size does not fit all. Small business is highly diverse, and each small business owner must have the ability to choose the support they most need. An education model of templates does not work across the rich variety of small business, yet we continue to see this offered. Region and industry sector specifics are important to small business, so centralised solutions do not deliver a good fit for purpose in local economic development.

COSBOA recommends Government work in cooperation with Industry, association, and professional organisations to provide mentoring and business guidance at “street-level” (or at least via video conferencing). This includes, for streams 2 and 3.

1. Get a real person with industry specific knowledge into the business to help confirm the triage self-assessment stream.
2. All advisers undertake the Beyond Blue Mental Health Training Course online (available September) or something similar, so mental health is addressed early and accurately.
3. Government departments collaborate with industry to identify what existing resources are available for rapid compilation and delivery now, and fast track projects that have been delayed in this area
4. Businesses can use a voucher to pay for services, including long term mental health and wellbeing support if they are closing a business.

The resources already exist

Beyond Blue, in cooperation with XERO is launching a course for small business advisors in September which will train them to be better equipped to see and deal with the mental health red flags. It has a dedicated call line for people suffering COVID-19 distress.

Ahead for Business is about to relaunch its website with better resources and information.

Small Business Mentoring Service (SBMS) based in Adelaide has launched nationally with mentors available in every state, sector, and at an average cost of \$1088 are a highly cost-effective boots-on-the-ground solution. The business owner pays between \$80 - \$100 a session. After the bushfires they scaled from 4000 to 12,000 mentoring sessions overnight.

Critical is the ability for a small business to make the decision to close early and that closure be organised, calm and supported. The stigma of failure often paralyses this decision making. The Small Business Wellbeing and Support Policy, Small and Family Business Branch at the Department of Industry, Science, Energy and Resources has six podcasts that aim to remove the stigma of failure from closing a business. They have been ready since March and remain waiting for approval. They have also prepared a swag of information rich mental health toolkits, also at currently waiting for approval.

Australian Small Business and Family Enterprise Ombudsman (ASBFEO) has a detailed report into improving Insolvency practices in Australia, due to be released soon. The time frame for possible implementation is 12 months, but the need is now.

Access to the South Australian Health and Medical Research Institute (SAHMRI) wellbeing and Resilience Centre's Complete Mental Health. Complete Mental Health provides participants with the opportunity to find out more information about their personal levels of wellbeing, resilience, mood, stress and anxiety symptoms as well as perception of physical health. With each measurement, participants receive an in-depth report on their wellbeing. This report highlights areas they are doing well in, areas they can improve on, and areas they should consider actioning. The platform also gives access to a library of resources designed to support their journey toward improved wellbeing (<https://www.wellbeingandresilience.com/measure-your-own>).

Access to BeWellPlan. Be Well Plan was developed by researchers and mental health professionals from the SAHMRI Wellbeing and Resilience Centre and the Órama Institute at Flinders University in order to help people to develop a personalised wellbeing plan for both good as well as challenging times. Participants learn different evidence based exercises and strategies to build strong and positive levels of mental health and wellbeing that are tailored to their unique needs and in the context of closing their business and considering alternative options for the future (<https://www.bewellplan.com/>).

These programs are excellent, evidence based, however, again are employee centric, information rich and support poor. The missing piece is real people offering real help. The missing piece is already being offered by organisations like SBMS, which is a real person, addresses the business AND the mental wellbeing of the owner.

This list is hardly comprehensive. The resources do exist, but they are fragmented, almost ready, or being updated and lack cohesion. It would be hard for a distressed business owner to access comprehensively. That work needs to be done quickly and a package provided to business advisors who can guide small business owners through their options.

Requirements for small business

For many small businesses the idea of asking for help is uncomfortable, and the funds to pay for expert advice, unavailable. These are the barriers to access.

Small businesses need a streamlined business closure assistance, which includes

- Funding for services and choice in choosing providers
- Insolvency advisory services
- Counselling services over 12 months for mental health wellbeing
- Streamlined government processes for businesses closing.
- Help paying staff out

- Help negotiating with regulators, banks, landlords and creditors
- Employment services designed for small business owners

This needs to be urgently addressed by the Government as business owners, especially those considering closing need expert assistance now, well before September. That gives them the best chance to close and reopen when the economy allows.

Who we contacted and spoke to:

1. Gwen Williams - Director
2. Ruth Martin - Policy
3. Nikol Jepson - Senior Policy Officer
All from; Small Business Wellbeing and Support Policy
Small and Family Business Branch
Department of Industry, Science, Energy and Resources
4. Erica Crome - Project Director, National Workplace Initiative, National Mental Health Commission
5. Leanne Berry - Non-Executive Director – Institute of Certified Bookkeepers (ICB Australia)
6. Dr Sally Fitzpatrick, Acting Program Manager, Clinical Psychologist, Everymind
7. David Kelly – Mental Health Commissioner South Australia
8. David Gregory - CEO Small Business Mentoring Services
9. Greg Jennings – Beyond Blue - Head of Workplace and Home
10. Leanne Faulkner – Fortitude at Work
11. Australian Small Business and Family Enterprise Ombudsman
12. COSBOA Members, representing over one million small businesses across Australia