



Headwinds but ever hopeful

The Reserve Bank yesterday increased official interest rates for the seventh consecutive month. Rates have now risen by a total of 2.75 percentage points and stand at 2.85%.

While they are still at comparatively low levels compared to historical averages, they are nonetheless, the highest level for official rates in nine years. The Reserve Bank said it expects to increase rates even further “over the period ahead” as part of its fight to lower inflation. This is impacting directly on small and family business operating costs but also impacting on the behaviour of customers.

At the same time the annual inflation rate last week reached 7.3% to sit at the highest level in 32 years. Key business inputs, most notable energy and fuel, have not been spared.

This combined level of higher interest rates and inflation is something that many small businesses have never experienced and last week’s federal Budget forecasts no real respite for some time.

In fact, the Budget has the horror prediction that electricity prices will rise by 56% and gas prices by 44% over the next two years.

Many small businesses are not making a profit and eating into whatever reserves they have to pay their bills and service their debts. It is too early to call whether encouraging early indications of an uptick in the value of business receivables is a result of increased demand or price increases.

There has been no reprieve from the rolling natural disasters, with floods again causing havoc, and the lingering effects from COVID-19 and the various lockdowns and restrictions.

Small and family business owners and leaders are struggling to make rosters work and keep doors open due to skills shortages, they are grappling with supply troubles that means critical goods and services are not available and kept on edge by cyber security fears.

They are literally exhausted.

It is no wonder there's an increase in the number of small business owners seeking advice about the future of their business amid rising financial stress and predictions of a sharp rise in insolvencies in some sectors, particularly where fixed-price contracts are prevalent.

Despite all of these headwinds, some of the indicators of small business sentiment and expectations remain encouragingly optimistic.

The Budget has some useful responses to immediate pain points for many small and family businesses but, with lower economic growth predicted, more work needs to be done on making sure there's a longer-term vision to energise enterprise with encouraging policy settings.

I welcomed the \$10.9 million in extra funding for the [New Access for Small Business Owners](#) mental health support program operated by Beyond Blue, which offers free one-on-one telehealth sessions with specially trained mental health coaches, and the \$4 million extra for the [Small Business Debt Helpline](#) operated by Financial Counselling Australia offering free, independent, confidential and impartial phone-based support to small business owners.

It is vital small business owners have support and know that help is available if they need it. While it is not within my gift to make businesses successful, it is our mission to make sure no business fails because business owners and leaders didn't know about help and support that might have assisted.

The Budget also flagged a scheme worth \$62.6 million over three years for small and medium sized business energy efficiency grants to reduce energy use and lower

bills. If it can help take the edge off those predicted higher power bills it will be very welcome, and I look forward to the government unveiling the detail.

My full response to the Budget and a list of some of the measures announced can be read [here](#).

Family and Domestic Violence Leave

The Australian Government has legislated its election promises to introduce 10 days of paid family and domestic violence leave for all employees, including casuals.

The new workplace entitlement will commence on 1 February 2023 for most employees. Small businesses with less than 15 employees, will have an extra six months to adjust to the change, meaning the start date for small business employees will be 1 August 2023.

We have called for really clear advice and useful tools for small and family business owners to help understand how they can be their best selves in supporting people that are struggling with family and domestic violence and also meet compliance obligations.

We have highlighted there can be some tricky areas to navigate, particularly respecting privacy in smaller, rural and regional communities where a lot of people know each other.

The Budget allocated \$3.4 million over four years to support the development and delivery of education, technical advice and support services for small business employers to support the implementation of this policy.

As the smaller employer support tools and resources become available, we'll make sure we draw attention to them through our communication channels and this newsletter.

NSW Small Business Month - Connect for Success

Throughout November hundreds of free events, both in-person and online, are being held to help small business owners in NSW – and prospective owners - manage and grow their business.

This includes new marketing strategies, tax and cashflow tips, how to get your business online, how to start a business and recruitment tips. It is also an opportunity to connect with other businesses through local networking events in various cities and regions.

The theme is “Connect for Success”, recognising the importance of bringing together small businesses, experts and industry leaders to share ideas, information and experiences. [Find out more.](#)

Director ID deadline

A reminder, as mentioned in last month’s newsletter, **30 November** is the deadline to register for Director ID.

Many small business owners don’t realise if they run a company or a registered body, or are a director of one, then they are required to have a director identification number (Director ID).

A Director ID is not something your accountant or bookkeeper can get for you as it is about confirming your individual identity and connecting you to the businesses for which you have important responsibilities. It is free to apply and you keep your 15-digit Director ID number forever.

You do not need a Director ID if you are running a business as a sole trader or partnership. But this can be confusing, so it is worth checking with a trusted adviser or the Federal Government’s [Australian Business Registry Services](#).

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