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400,000 small businesses on the brink of going bust

EXCLUSIVE

SHANNON DEERY

MORE than 400,000 small businesses are facing immediate closure, prompting calls for government intervention.

New research shows more than half of those businesses would shut permanently, with the remainder closing for an indefinite period.

It would mean the end of 415,000 small businesses nationally as a result of the coronavirus pandemic.

A national survey of 1300 businesses, conducted by lobby group Small Business Australia, found urgent government support was needed to prop up struggling businesses.

“Through no fault of their own business owners are being put out of business,” SBA executive director Bill Lang said.

“They have the skills and the mindset to be able to operate businesses, they were operating good businesses as of March of 2020, but they’re going to be severely restricted from doing that.”

Managing cash flow, paying rent, and managing COVID-19 restrictions ranked among the most significant issues being faced by business owners.

While 75 per cent of respondents had applied for some government support, 15 per cent of those businesses had received no financial help.

Business owners say that without further assistance they can no longer pay expenses or pay themselves a wage.

Nongnuch Pattison, from Hammondville in Sydney’s southwest, said her travel agency had been pushed to

the wall by the COVID-19 crisis. The 40-year-old estimates she has refunded up to \$2m worth of cancelled holidays since March from her business Travel Central.

“It’s been non-stop refunds and no income,” she said.

SBA is pushing for federal legislative changes to protect small business owners from legal bankruptcy.

Mr Lang said it was too easy for creditors to bankrupt struggling businesses, making it hard for them to get back on their feet.



Nongnuch Pattison.