



Council of Small Business of Australia



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Advocating for small businesses in Australia for over 30 years.

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### Credit Checks for small business

A new bad debt watch system has launched for SMEs, allowing creditors to expose clients who don't pay invoices. CreditorWatch is an online platform where members can monitor client credit ratings, search potential debtors before opening an account, and receive alerts when a default is lodged against a client.

The service is the first of its kind in the SME market, mimicking the communication platform major banks use to track defaulters and prevent financial losses. CreditorWatch has been designed to make it easy for businesses to audit credit information and make qualified decisions about opening credit for new customers. The subscription based service starts at \$24 per month.

Brand and strategy manager Patrick Coghlan believes the service is invaluable to any business exposed to bad debt. "There are serial offenders out there who know how difficult it is to recover bad debt, so they systematically rot the system. It's becoming harder to remain cashflow positive when business defaults and late payments are increasing," he said. "You work hard - why shouldn't you get paid? If you do get burnt, save fellow businesses from the hit, and register the dodgy operator."

Coghlan likened it to taking out insurance on a house. "You might never have been burgled, but it pays to insure against the risk. A subscription to CreditorWatch reduces your vulnerability to bad debt." Customers are also licensed to use the CreditorWatch logo on their statements and letters of demand to encourage a prompt settlement. Find out more by watching the quick video at [www.creditorwatch.com.au](http://www.creditorwatch.com.au)

### The decline in retail sales - is it structural or cyclical?

Retail sales in Australia have declined and continue to decline. Is this a structural change that requires some special action or is it a cyclical event, a bulge, that will correct itself with time? If we are experiencing a structural change than this will continue to impact on the 'bricks and mortar' retail sector and have an impact across all small business sectors. This will include wholesalers, service providers and small manufacturers.

We believe that the current changes are occurring as a result of the increased use of the internet by Australian consumers. Last year internet sales went up 18% and 50% of all sales were from overseas businesses. It is projected that internet sales will increase by another 12% in the coming year. It doesn't take much logic to work out that the number of sales from Australian based shops will decrease. The latest figures on small business from the Australian Bureau of Statistics shows a decline in the number of businesses in Australia by over 1% - the first time there has ever been a decline in business numbers.

In spite of the decrease in sales and business numbers the large landlords continue to increase rent and this is not a formula for business success. Lower sales combined with increased costs through rent, interest rates and wages does not auger well for shopkeepers. This situation is also not healthy for the large landlords, empty shops may have a market valuation but they do not add to cash flow.

The upside to all this is the obvious opportunity for small business people who are internet savvy and who can take advantage of the increased level of internet sales. Small business people can react quickly to changing markets when they aren't inhibited by excessive costs and red tape. With this in mind COSBOA is also working hard to make sure that the internet is a level playing field. We must ensure that big business cannot use their dollar advantage to pay the search engines to push the 'searchers' to the websites of big business and away from the smaller more innovative retailers. Can we achieve equity in the virtual world that has not been achieved in the real world? This will be our next big challenge. COSBOA will be meeting with the various agencies and policy makers to ensure we have a fair go on the World Wide Net.

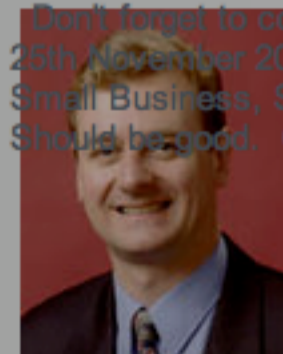
And why is this decline in bricks and mortar retail important to wholesalers and manufacturers? Basically the more goods purchased from overseas suppliers than the less business for wholesalers here in Australia. The more good purchased from overseas than the less business for local manufacturers such as cabinetmakers, furniture makers and the like.

This structural change isn't something caused by poor government policy, it is just evolution of technology and the way people buy their goods. We must ensure that small business people who use the net are not disadvantaged in the same way that small retailers in large shopping centres are disadvantaged.

We must also ensure that the retailers still in physical shops are not expected to continue to pay increased rents to support a potential retail real estate bubble. The large landlords must start to reflect market value in their rents or this bubble will grow and burst.

### COSBOA dinner with Senator Nick Sherry

Don't forget to come to our Council dinner on Thursday 25th November 2010 and hear what the Minister for Small Business, Senator Nick Sherry, has to say. Should be good. Click [here](#) for more information.



### Taxation Small Business Benchmarks - fascinating

The Australian Taxation Office recently released a copy of their small business benchmarks for various industry sectors. This is part of their program of activities around limiting non disclosure of income within the cash economy. [Click here](#) for more information.

COSBOA does not support businesses who use cash sales as a way of hiding income. This creates an unfair advantage over people in business who follow the rules. Mind you, we also understand the pressures on business people to sometimes become involved in cash payments as a way of dealing with an immediate crisis or getting a job done or to solve a problem quickly. Nearly all small business people want to do the right thing and we need to have systems in place to help them achieve that outcome. To assist with that we are presenting arguments for limiting the need to deal in cash payments by: making compliance easier; and developing new ways of accessing information and support when employing for short term periods of time.