



## How Coronavirus Is Killing Small Business – And Threatening Our Values

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The heart of the Australian way of life is under threat with small businesses fighting for survival as lockdown restrictions continue. The crisis has hastened the ongoing decline of small business that functions as the fabric that holds local communities together.

A survey commissioned by the Council of Small Business Organisations of Australia revealed a third of sole traders have been hit with an 80% decline in turnover, while three in four small businesses have experienced a decline in revenue since the beginning of the lockdown restrictions.

The restrictions over the last three months have placed a particular strain on small business. Small outward-facing businesses, particularly in the accommodation and hospitality industries, who are dependent on tourism and foot traffic have been crippled by border and movement restrictions. Small cafes and restaurants have seen their operations severely impacted with limits on patrons. Businesses with limited floor space have been less equipped to accommodate social distancing measures. And business startups have had their momentum arrested. While the hit to revenue and operations has affected businesses big and small, in the long run it will likely be ~~smaller and less established businesses that are disproportionately affected.~~

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The plight of small business is cause for concern, especially when put in the context of long term structural decline. Over the past 15 years, the number of workers employed by small business (businesses employing less than 20 people) has fallen from above 50% to 41%, and the share of self-employed workers has steadily declined from 20% to 16%.

Declining entrepreneurship and business creation reduces opportunity and competition that drives higher wages and product and service improvements for consumers.

But the decline is not just concerning for economic reasons. Small business is at the heart of the Australian way of life and a healthy and vibrant High Street promotes mainstream Australian values.

Creating value for the community, innovation, independence and personal responsibility are fostered by widespread self-employment and involvement in small business. The erosion of the ability to start and run a business will undermine community formation and a culture of self-reliance.

Being involved in small business instils an understanding of and appreciation for what goes into running a business. Employees are personally connected with the inner workings of the business and understand the risk taken on by their employer to make their job possible. They understand the relationship between the value they create for the business and their wage. For those involved in small business, business is not an abstraction with an artificial divide between the interests of employers and employees. They see first hand the destructive effects of red tape and understand that businesses are not a bottomless untapped tax source for governments.

Small business is foundational to the fabric and character of local communities. The commitment of locally owned businesses to the local area cannot be replaced by distant large corporations at the national or even international level. An important part of the life of local communities is lost when the only difference between suburbs and towns are the relative locations of the McDonalds, Woolworths, Bunnings and BP.

To foster small business, encourage job creation and reverse the concerning trend of small business decline, governments must remove the impediments that disproportionately impact small business. Workplace regulation is in dire need of reform to allow small businesses to expand without the headache of navigating complex awards with onerous entitlements. When the likes of Qantas, Coles, and the ABC with professional accountants on staff are falling foul of industrial relations requirements, it is no wonder that small businesses owners are put off from employing due to the complexity of the system.

The same applies to the taxation system and red tape in general. Small businesses who lack the resources to engage professional expertise are put at a significant disadvantage. Bold reforms for simplification across the board are required to level the playing field and allow small businesses to thrive.



Reversing the decline in small business is vital for the health of mainstream Australia.

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