



Small
Business
Commissioner

Submission to the NSW Minister of Finance and Small Business

Minister Damien Tudehope

The following submission provides:

An assessment of the impact of COVID-19 Public Health Orders on small businesses in the Northern Beaches.

An outline of measures to assist small business in response to localised and restrictive COVID-19 Public Health Orders.

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Task

On 8 January 2021, the NSW Government announced the NSW Small Business Commissioner, beginning 11 January 2021, would work with the Northern Beaches community to determine the impact of COVID-19 Public Health Orders (issued in December 2020) on the local economy and small businesses, and recommend measures to support affected businesses while ensuring the best use of taxpayer dollars.

To inform the development of proposed new support measures, the Commission has assessed business needs that should be prioritised as part of a policy response. The Commission notes this assessment has been prepared with constraints on the availability of comprehensive data and without full visibility across the duration of the impact period with disruption ongoing for many businesses.

Acknowledgements

The NSW Small Business Commission appreciates the participation and contributions to consultations made by small businesses across the Northern Beaches as well as the Avalon Palm Beach Business Chamber, Manly Business Chamber, Mona Vale Chamber of Commerce, Newport Beach Chamber of Commerce, Warringah Chamber of Commerce, Pittwater Business, the Council of Small Business Organisations Australia (COSBOA), Business NSW, CPA Australia, the Institute of Certified Bookkeepers, the Northern Beaches Council and NSW Treasury.

The Northern Beaches comprises a high diversity of small business many of which rely on increased trade during the summer months. Throughout consultations it was evident that the decline in international and domestic tourism, challenges of COVID-19 faced over the last 12 months and impact of the recent Public Health Orders have depleted working capital, resources and placed significant strain on small business owners, operators and staff.

Summary of Proposed Measures

Measures contained in this report include the establishment of a \$150 million COVID-19 Small Business Hardship Fund (the Fund). The quantum of the Fund is proposed to cover the cost of a suite of assistance contained in a Small Business Support Program to businesses across the state should similar Public Health Orders be issued in the future. The Fund would also cover the cost of proposed assistance to small businesses in the Northern Beaches.

The establishment of the Fund and confirmation of a Small Business Support Program would provide a degree of certainty to small business on the availability of assistance should similar events occur. Establishing a Small Business Support Program and confirmation of funding may also assist in the timely delivery of assistance.

Other measures proposed are targeted at:

- Addressing concerns regarding perceptions of the Northern Beaches following the issuance of the Public Health Orders.
- Implementing and amending consumer incentives such as the 'Dine and Discover' program.
- Improving communication, distribution and compliance with NSW Public Health Orders.
- Supporting resilience by improving access to, and awareness of, existing small business support measures provided by the NSW Government and the NSW Small Business Commission.
- Improving accessibility and awareness of mental health information and support available to small business.

It is acknowledged that some small businesses may feel measures contained in this submission do not provide adequate relief or support to address their specific concerns or situation. In developing these proposals, the Commission has been conscious of the need to balance a range of competing priorities including:

- Providing relief for extreme financial hardship and the potential for future COVID-19 Public Health Orders to affect small business in other locations.

- Timely provision of support and assistance.
- Impact of the COVID-19 pandemic on the resilience and financial capacity of small business.
- Impact of Public Health Orders and restrictions on businesses highly reliant on seasonal and tourist trade.
- Ability of existing programs and measures to support impacted small business.
- Role of local business chambers, industry groups and councils in supporting and assisting small business.
- Impact of descriptions and communication that has 'labelled' locations as 'COVID Clusters' and 'Hotspots' on the local economy and small business.
- Limitations in the ability of the NSW Government to compensate for all expenses and losses.
- The most appropriate and effective use of public resources.

Northern Beaches Health Orders

A stay at home advisory was issued from 8pm on 17 December 2020 in response to an increase in the number of COVID-19 cases in the Northern Beaches. The Public Health (COVID-19 Northern Beaches) Order 2020 (Health Order)¹ was issued on 5.02 pm on 19 December, and restricted freedom of movement, gathering and ability to open certain premises to members of the public.

The Public Health Order was amended seven times prior to its repeal from the beginning of 10 January 2021. Significant amendments included establishing northern and southern zones and relaxing certain restrictions in the southern zone from 3 January 2021.

Both the northern and southern zones are within the boundary of the Northern Beaches Council which was formed in May 2016 from amalgamation of Manly, Pittwater and Warringah councils.

Between 16 December 2020 and 10 January 2021, NSW Ministry of Health data announced a total of 207 locally acquired COVID-19 cases were recorded, including 105 locally acquired cases in the Northern Beaches Local Government Area (LGA).

The Northern Beaches has a population of around 265,450 and is home to some 32,600 small businesses. The Northern Beaches region contributes around 3 per cent of NSW Gross State Product.² A map of the affected area is shown on the next page.

¹ Available at: https://www.legislation.nsw.gov.au/file/Public%20Health%20%28COVID-19%20Northern%20Beaches%29%20Order%202020_201220.pdf

² NSW Treasury economic update, 13 January 2021



The Public Health Order specified a range of businesses, mainly of types relying on public patronage. It directed that these businesses must not be open to members of the public except for certain specified purposes, such as selling food or beverages for consumption off-premises. The business types specified were:

- Pubs and registered clubs.
- Food and drink premises (other than pubs).
- Entertainment facilities.
- Amusement centres.
- Micro-breweries or small distilleries holding a drink on-premises authorisation under the Liquor Act 2007 or cellar door premises.
- Recreation facilities (indoor).
- Places of public worship.
- Business premises that are spas, nail salons, beauty salons, waxing salons, tanning salons, tattoo parlours or massage parlours.
- Business premises that are auction houses or betting agencies.
- Markets, but not markets that predominantly sell food.
- Information and education facilities.
- Caravan parks and camping grounds.
- Community facilities.

- Sex services premises.
- Sex on premises venues.
- Public swimming pools.
- Property (other than a retail shop) operated by the National Trust or the Historic Houses Trust.
- Gaming lounges.
- Strip clubs
- Any outdoor playground equipment in a public place.
- Any outdoor gymnasium equipment in a public place.
- Skate parks.
- Restrictions also applied to open inspection of premises for the purposes of the sale or lease and conducting in person auctions.

The balance of business types were not directed to close. However, some businesses permitted to open were impacted by restrictions that affected demand, such as stay-at-home orders, as well as the exercise of caution above that required by the Health Order.

The 'restricted' trading days of Christmas Day and Boxing Day fell within the period. Some businesses might have closed for these and potentially additional days such as weekends, and/or between Christmas Day and New Year's Day. However, for certain small businesses, this period would have been expected to return above average sales revenue, and they may have planned to maximise trading hours.

It is further noted that many small businesses in the area rely heavily on the summer months and specifically the Christmas/New Year period for a substantial percentage of their annual revenue.

Northern Beaches business profile

As at 30 June 2019, the Northern Beaches Local Government Area comprised some 32,600 small businesses.³ Around 61 per cent are non-employing and around 39 per cent employ between one and 19 employees.

Industry composition

Industries located in the Northern Beaches are represented in the table below.⁴

Industry	Number of small businesses: Northern Beaches	Industry share: Northern Beaches*	Industry Share of total: NSW*
Accommodation and Food Services	977	3.0%	3.7%
Administrative and Support Services	1,411	4.3%	4.1%
Agriculture, Forestry and Fishing	266	0.8%	6.7%
Arts and Recreation Services	575	1.8%	1.3%
Construction	5,358	16.4%	16.3%
Currently Unknown	86	0.3%	0.3%
Education and Training	670	2.1%	1.4%
Electricity, Gas, Water and Waste Services	70	0.2%	0.3%
Financial and Insurance Services	3,773	11.6%	9.2%
Health Care and Social Assistance	1,657	5.1%	6.0%
Information Media and Telecommunications	681	2.1%	1.2%

³ ABS, Counts of Australian Businesses, June 2019

⁴ Source: ABS data, Commission analysis applied

Manufacturing	1,145	3.5%	3.2%
Mining	28	0.1%	0.2%
Other Services	1,251	3.8%	4.1%
Professional, Scientific and Technical Services	6,723	20.6%	13.4%
Public Administration and Safety	82	0.3%	0.4%
Rental, Hiring and Real Estate Services	3,562	10.9%	11.1%
Retail Trade	1,670	5.1%	5.5%
Transport, Postal and Warehousing	1,384	4.2%	8.2%
Wholesale Trade	1,235	3.8%	3.5%

*Industry shares calculated as the number of businesses within that industry as a percentage of the entire business population

Business Concentration by Locality

Businesses exist in commercial centres throughout the Northern Beaches. Some commercial centres are anchored by proximity to visitor destinations (such as proximity to beaches) while others are zoned as major industrial and commercial districts. These centres span both the northern and southern zones, however, the southern zone accounts for a higher proportion of businesses. The table below indicates the major commercial centres ranked by business count.⁵

Location	Non-employing	1-19 employees	20 + employees	Total	% share
Freshwater - Brookvale (S)	2,401	1,773	137	4,311	12.9%
Warriewood - Mona Vale (N)	2,099	1,654	91	3,844	11.5%
Manly - Fairlight (S)	2,016	1,147	70	3,233	9.7%
Frenchs Forest - Belrose (S)	1,782	1,205	112	3,099	9.3%
Dee Why - North Curl Curl (S)	1,649	971	30	2,650	8.0%
Balgowlah - Clontarf – Seaforth (S)	1,654	918	29	2,601	7.8%
Narrabeen - Collaroy (S)	1,561	952	32	2,545	7.6%
Newport - Bilgola (N)	1,198	765	17	1,980	5.9%
Avalon - Palm Beach (N)	1,194	687	21	1,902	5.7%
Bayview - Elanora Heights (N)	971	608	12	1,591	4.8%
Manly Vale - Allambie Heights (S)	957	586	14	1,557	4.7%
Forestville - Killarney Heights (S)	760	455	15	1,230	3.7%
Beacon Hill - Narraweena (S)	755	456	12	1,223	3.7%
Cromer (S)	557	382	19	958	2.9%
Terrey Hills - Duffys Forest (S)	338	220	27	585	1.8%
Total	19,892	12,779	638	33,309	100.0%

Economic effects associated with the Public Health Order

The Commission has observed impacts on small businesses informed by available data, stakeholder consultations, media reports and other estimates of the economic impacts of the Public Health Order. The Commission has endeavoured to understand the experiences of local small business operators to inform the development of potential measures to mitigate financial hardship and other adverse impacts.

Local economy effects

Small businesses in the Northern Beaches are experiencing economic impacts relating to both the Health Order and community apprehension about risks related to COVID-19.

Stakeholder feedback suggests businesses continue to trade significantly below anticipated levels despite recent changes to the Public Health Order, potentially as a result of ongoing perceptions of heightened health risks and as a result of the cancellation of bookings and reservations.

⁵ Source: estimated from ABS, 81650.0 - Businesses by Industry Division by Statistical Area Level 2 by Employment Size Ranges, June 2019 (a) (b). Note rounding may impact totals – totals from LGA data may slightly differ to SA2 data. Legend: (N) refers to Northern zone and (S) refers to Southern zone

The Public Health Order operated over a total of 22 calendar days in the northern zone and effectively 15 calendar days in the southern zone, restricting trade for many Northern Beaches businesses. NSW Treasury estimates the Northern Beaches measures incurred an overall economic cost of around \$69 million a week, and that given the timing leading up to peak Christmas retail period, additional seasonal costs of around \$40 million.⁶

Preliminary estimates from KPMG featured in media reporting suggest the increase in restrictions, including social distancing, reimposed state and territory border controls and the Northern Beaches 'COVID-19 outbreak and lockdown' may have resulted in around 34 million fewer hours worked in December 2020 than would have been the case had it not occurred, suggesting a \$3.2 billion hit to real GDP.⁷

Feedback from businesses suggests the impacts have been uneven across businesses located in the Northern Beaches. Arts and Recreation Services, and Accommodation and Food Services businesses have previously been particularly vulnerable following earlier outbreaks of COVID-19.

Feedback suggests a wide spectrum of effects experienced within industry categories. During consultations there were examples of businesses that were more reliant on increased visitor activity or businesses that operate within a broader supply chain relating to the visitor economy. Specific examples include but are not limited to:

- Chemists with reduced sales of non-pharmaceutical merchandise.
- General merchandise retail stores such as gift shops clothing stores and footwear.
- Event industry and businesses supporting them such as equipment hire and catering businesses.
- Privately operated cinema businesses.
- Seafood businesses and specialist food providers.
- Supplemental and alternative medicine practices (e.g. remedial massage)
- Hairdressers and beauty parlours.
- Gyms and fitness businesses.

This seasonality aspect is illustrated in Northern Beaches Council's visitor insights survey which highlights the importance of visitors to the area. Although the beach was the main reason for visits to Palm Beach and Manly in early 2020, visitors may also undertake other activities. These insights also highlight seasonal reliance on visitation over summer. The mix of visitors from Sydney and overseas highlights unique attributes of the area and the reliance of businesses on customers travelling from outside of the area.

Feedback from consultations

The Commission has engaged with a range of local small businesses and their representatives to understand their experiences. Consultation occurred between 2 - 15 January 2021 and included one-on-one discussions with small business, consultations with groups of small businesses, industry and business associations and local chambers of commerce. Key themes, general pain points and areas of concern raised by local businesses and their representatives are summarised below.

Cashflow

Many businesses indicated their revenue was lower than it otherwise would have been during the period of the Public Health Orders. There were also reports of businesses incurring higher expenses over the course of the previous year related to COVID-19 compliance requirements.

⁶ NSW Treasury economic update, 13 January 2021

⁷ Article accessed 18 Jan 2021, available online at:

<https://www.theaustralian.com.au/nation/coronavirus-avalon-outbreak-inflicted-32bn-hit/news-story/cc01af271d7c3c7535f3391ad9c6dd89>

Other businesses noted losses and cashflow concerns related to expense associated with perishable and non-perishable stock ahead of Christmas and New Year. Some businesses reported being unable to sell stock, and in the case of perishable stock, have incurred inventory losses. Payment terms of 7 and 14 days combined with losses in revenue were exacerbating cashflow concerns.

Profitability effects

Businesses reported reduced profitability or losses during the period. Losses were incurred as some business costs could not be scaled back in response to their inability to trade at normal or expected capacity.

Seasonality

Related to broader concerns regarding profitability, businesses highlighted seasonality in demand and the importance of the summer months to their businesses. Stakeholders indicated that higher revenue during summer was critical to the survival of businesses during quieter months of the year. A number of businesses suggested that two weeks of revenue during summer months can equate to three months revenue in comparison to other times of the year.

Brand diminishment and ongoing demand suppression

There was high recognition of the reputational impact of the outbreak in the region and the importance of attracting domestic visitation. Businesses noted the impact of cancellations and reservations over the period which will have consequences for their business into the future. While the Public Health Order has subsequently been relaxed, feedback suggests economic activity remains depressed and 'foot traffic' is lower in a number of the major retail and hospitality precincts.

Use of terms such as 'lockdowns' and characterisations of outbreaks as 'COVID Clusters' in the media and in other communications were also identified as having a negative impact on economic activity both in the short and medium term. The location of COVID-19 testing clinics near prominent visitor destinations was cited as exacerbating reputational concerns.

Indirect impacts

Stakeholders emphasised that business impacts went beyond the businesses explicitly restricted as part of the Public Health Order. Businesses not specified in the Health Order were indirectly impacted as a result of a downturn in visitors or the temporary shutdown of businesses they would otherwise supply to or buy from. Some businesses indicated they closed prior to the Public Health Order to protect their clients and avoid the potential ramifications of a publicised outbreak in their business premises.

Mental health and resilience

The toll of COVID-19 on the mental health of small businesses owners and operators is a serious concern. Sustained financial and business pressures on business operators from around March 2020 should be considered in the justification, promotion and targeting of information and support.

High existing levels of distress were exacerbated by the disruption caused by the reporting of a COVID-19 outbreak and associated Public Health Orders and associated restrictions. Uncertainty about their ability to meet imminent financial obligations and general uncertainty about the nature of restrictions were discussed as contributing factors.

Small businesses and business groups have commented that while quality information and support is available, it is mostly targeted at the worker, workplace or manager. Consequently, small business owners and operators perceive they are unable to access these services.

Business Interruption Insurance

Feedback challenged the efficacy of business interruption insurance to cover costs and losses resulting from COVID-19-related interruptions. Business representatives highlighted ongoing ambiguity relating to the status of claims and concerns around whether policies would cover losses incurred arising from the Public Health Order and/or other losses suffered as a consequence or associated with the COVID-19 pandemic.

Inability to plan

Some business representatives referred to the rapid implementation of restrictions and the prevailing uncertainty as to how long restrictions might last. While it was recognised that mitigating the health risks required flexibility, many businesses were unclear as to the parameters being used to judge the appropriate time to unwind restrictions. This complicated plans to reopen.

Commercial leasing regulations

Feedback pointed to a lack of knowledge regarding the extension of the Retail and Other Commercial Leases (COVID-19) Regulation. Some businesses also noted that lessors had provided relief but were now also facing financial challenges. Other businesses indicated they were reluctant to discuss relief because they did not want to jeopardise their relationship with their lessor.

The ability to pay rent, whether it be discounted or deferred, under the regulations or by negotiation, will remain a challenge for many businesses over the next year. Many commercial leasing arrangements remain out of step with the current market, with the impact of this exacerbated by remaining fixed-terms of 3 to 7 years.

Communication of information relevant to businesses

Businesses indicated that they generally relied upon communication through traditional news media, social media and daily briefings from the Premier and Chief Medical Officer. There was broad satisfaction with the availability of information, however, some individual businesses indicated confusion as to how restrictions applied to their unique circumstances and general concern about perceived inconsistent advice from different areas of the NSW Government. Characterisations, e.g. such as 'lockdowns' are thought to have effects that may hamper confidence.

Culturally and linguistically diverse (CALD) groups

Some small businesses raised effective communication with CALD groups in respect of the Health Order. The Commission notes demographic data which indicates English as the top language spoken by around 85 per cent of local business owners, followed by Southern European languages at around five per cent and East Asian languages at around three per cent.

Requested Support

The Warringah Chamber of Commerce conducted a survey of members and received 270 responses. Results of the survey identified the following forms of preferred government assistance:

- Cash grants available for the next 6 months.
- Creation of a PAYG cash flow boost.
- Fast tracked Dine & Discover program.
- A concierge service to help businesses understand how to access help.
- Subsidies for specialised help through Service NSW.
- Subsidies to offset the cost of masks and sanitiser.

Responses provided from this survey, are consistent with the feedback received by the Commission throughout consultations.

Need for intervention

The Commission's view is a policy response is warranted given localised measures of the kind introduced in the Northern Beaches tend to impose costs on one part of the community to achieve an outcome that benefits the entire community.

A range of business needs were identified throughout stakeholder consultations. The Commission has prioritised proposals capable of meeting business needs in a manner that is timely and that can offer higher benefits relative to their cost.

Consideration of previous and current support measures

The Commission has considered the availability of existing and previous support measures including those offered by the Commonwealth, NSW and local governments.

In 2020, a \$750 million Small Business Support Fund was established and two grant programs operated. This included a \$10,000 Small Business COVID-19 Support Grant and a \$3,000 Small Business Recovery Grant. The NSW Government also approved \$45 million from its Consolidated Fund for a Southern Border Small Business Support Grant. These grants and measures are no longer active.

The 2020-21 NSW Budget contains a number of measures designed to assist and support small businesses. Specific measures from the NSW Budget that may be of assistance to small businesses in the Northern Beaches in the short term include:

- \$500 million Dine and Discover program providing \$100 of vouchers to NSW residents to spend at restaurants, cafes and on arts and tourism attractions across NSW to boost businesses and encourage people to spend local.
- \$39.3 million boost for the Business Connect program which has been extended for a further three years to support small businesses across the state to access targeted business advice.
- \$1.8 million to expand the small business rebate program, providing up to \$500 to support small business owners and sole traders who buy and install safety equipment.
- Extension of the COVID-19 commercial leases regulation to 28 March 2021 for retail tenants with an annual turnover of less than \$5 million. Landlords who reduce the rent of eligible retail tenants from 1 January 2021 to 28 March 2021 can apply for land tax relief of up to 25 per cent on relevant properties for the 2021 land tax year.

The Commission's proposals have been developed while giving to consideration to support that is offered by other tiers of government. This includes support offered by the Australian Government including:

- JobKeeper.
- Coronavirus SME Guarantee Scheme - supporting the flow of credit.
- Temporary Full Expensing and Instant Asset Write-Off.
- Access to superannuation for sole traders.

Northern Beaches Council including:

- Fee waivers and flexible arrangements for deliveries and parking.
- Hardship relief on Council business rates.
- Dedicated business support service.
- Business to business support hub.

Responding to future challenges

In preparing this report the Commission formed the view that the establishment of the Fund and confirmation of support provided under a Small Business Support Program would provide a degree of certainty to small business on the assistance available should similar events occur in the future. Defining supports provided under a Small Business Support Program along with a source of funding would also assist in the timely delivery of assistance.

The measures outlined in this report are intended to support businesses in the Northern Beaches as well as businesses affected by future restrictions of a similar kind.

The Commission has identified areas where small businesses affected by the Public Health Order could be supported. While aspects of the experiences of businesses in the Northern Beaches may be unique, similar issues may arise in the event of future localised Public Health Orders and restrictions. A consequence of this approach is that the cost of proposed measures is difficult to quantify. The proposed Fund would, however, provide a source of funding for support to be drawn from.

The case for financial support measures

In listening to key concerns raised by affected businesses, the Commission judges that timely support in the form of a business grant, similar to those delivered to businesses in earlier periods of the pandemic, would be the most effective mechanism to mitigate the adverse impacts of the outbreak. A timely financial support would be capable of providing modest relief for business concerns such as those relating to cash flow, revenue impacts, incompleteness of insurance, indirect impacts on customer demand and seasonality. This support may also provide some relief to business operators from some of the acute distress and anxiety associated with pressing financial obligations.

The Commission acknowledges that a grant of this nature may not fully address the concerns of affected businesses in the Northern Beaches. In particular, it is beyond the scope of the grant recommended to fully compensate businesses for losses in revenue or profit.

The Commission also notes the presence of trade-offs associated with timely and easy access to the grant, and the merits of more acute targeting of the grant proportional to business needs. Informed by the experiences of businesses accessing earlier government programs, the Commission has prioritised simplicity.

A diverse range of businesses have been affected, including those not directly named in the Health Order. For this reason, it is proposed that grants to assist with financial hardship should not be restricted to specific business types or industries, and should be available to business that can demonstrate they meet relevant eligibility criteria.

Business interruption insurance

The Commission through consultations for this submission and in prior engagements with business groups and small businesses has heard concerns that business interruption insurance policies are not covering claims for losses arising from Public Health Orders.

It is noted that law firm Maurice Blackburn is investigating potential class actions against insurance companies on behalf of businesses who have been denied Business Interruption insurance claims for losses due to COVID-19.⁸ Media reports suggest a high volume of inquiries following an advertising campaign for a potential case against business interruption insurance providers.⁹

It is reported that such a class action could force insurers to settle claims they had so far refused to pay, despite losing a precedent-setting test case in the NSW Court of Appeal in November. It is understood that insurers intend or are considering an appeal the decision of the NSW Court of Appeal to the High Court.

Small businesses within the Northern Beaches advised the Commission during consultations that they had been informed by their insurance brokers or insurance providers that:

- Business interruption insurance policies held did not cover losses arising from a COVID-19 Public Health Order.
- They are yet to receive confirmation that current or historical claims had been approved.

The absence of a clear and timely market solution to the challenges faced by small businesses in response to COVID-19 outbreaks contributes to the near-term case for a policy/regulatory response.

Proposed measures

Establish a \$150 million Small Business Hardship Fund

⁸ <https://www.mauriceblackburn.com.au/class-actions/current-class-actions/business-interruption-insurance-class-action/>

⁹ <https://www.afr.com/companies/financial-services/maurice-blackburn-prepares-for-insurance-class-action-20210105-p56rvq>

To support small business facing financial hardship from the recent and future impact of Public Health Orders arising from COVID-19 it is proposed that a \$150 million Small Business Hardship Fund (Fund) or allocation of funding be established to provide immediate financial relief to small businesses for financial hardship. The value of this fund is proposed noting the potential of future localised and highly restrictive COVID-19 Public Health Orders and their impact on small business. It is proposed the Fund be active until 30 June 2021.

The creation of this Fund would provide post-hoc emergency relief for eligible Northern Beaches small businesses to help them meet unavoidable costs associated with the Public Health Orders. The Fund would also be available, with comparable eligibility requirements, to cover the cost of assistance provided to small businesses set out in a Small Business Support Program in the event of future events in other locations.

The components of the Small Business Support Program to be available for both the Northern Beaches and future locations are set out below.

Small business hardship grants

The Commission proposes one-off grant payments of \$5,000 for small businesses registered for GST impacted by a highly restrictive and localised Public Health Order. While further work is needed to define eligibility requirements, the Commission proposes that access to the grant would be limited to instances where the impacts are particularly acute. This may be because the business is disproportionately reliant on seasonal trade or because their business is particularly vulnerable to the types of restrictions typically contained within Public Health Orders.

The Commission proposes targeting the grant to businesses:

- Affected by a highly restrictive and localised Public Health Order for a minimum of two weeks.
- That can demonstrate 50 per cent reduction in turnover as a result of the Public Health Order
- That can establish that the Public Health Order has caused disproportionate harm to the business, such as due to the restrictions applying during a peak seasonal or business period.

Further consideration to precise eligibility criteria and evidentiary requirements is required, however potential criteria might include consideration of sales revenue in a month relative to the equivalent month in the previous year or the month immediately prior to the onset of the Public Health Order.

During consultations with relevant bodies, several practical suggestions relating to eligibility criteria were offered. Consultations considered that an exclusive reliance on Business Activity Statements (that could cause further undue distress at this time) should be avoided. A preferred option would be to allow businesses the flexibility to demonstrate they meet the reduction in revenue requirement, including over the period during which a Public Health Order applies, or a longer period which includes the interruption in the event that this information cannot be easily provided by the business.

Tailored communication for small business

It is noted that COVID-19 has required rapid responses and decision making. In respect to Public Health Orders and related instructions information has been timely and very detailed, however, much of this information has been focussed on informing citizens of the public health risk of COVID-19, including what individuals are permitted or not permitted to do.

Based on the feedback of many small businesses and industry associations it is recommended that more industry specific information be provided to assist businesses to better understand their obligations to ensure compliance with Public Health Orders and restrictions.

Additional information that is prepared with specific industry groups and small businesses in mind would include specific case studies and information in the form of 'questions and answers'.

It is vital that information on relevant NSW Government websites is consistent and provide practical assistance to business in complying and observing the latest COVID-19 Public Health Orders and restrictions. The information as proposed should be available on the Service NSW and NSW Health websites. Timely advice and assistance for small businesses and the capacity for small businesses to raise questions and clarify orders and restrictions and receive timely responses would provide

valuable assistance to small business and address many of the concerns raised and assist in improving compliance with Public Health Orders.

Consultations suggested there may be demand for a portal with more specific or nuanced information available, including the ability to receive tailored guidance in the event a business is unclear how the requirements apply to their circumstances. Existing social media channels could be augmented to promote more tailored small business content.

CALD specific needs should also be incorporated in online communication to support compliance and ensure all businesses are able to access information and support.

Mental Health support for small business owners and operators

The mental health of many small business owners and operators is a concern during this challenging time. While there is quality information available on several NSW Government websites, information is primarily directed at workers, the workplace and managers. Many small businesses are of the understanding they are unable to access support or are unaware that there is information available to assist them.

To address these concerns and to provide more targeted mental health support for small business owners and operators it is recommended that additional and more specific information and/or support material, identifying information and assistance available for small business owners and operators, including promotion of local service providers.

Once this information is available it is important that information be promoted through both existing NSW Government channels and professional associations, industry associations, local chambers and other networks.

Commercial leasing mediation support

To support small businesses and landlords the NSW Small Business Commission provides a cost-effective mediation service. Mediation services are managed in a neutral and confidential manner. Services provided by the Commission can assist at any stage of a dispute, helping those involved to address key issues and find solutions.

Over the coming three months the Commission will promote the availability of mediation support services to key commercial centres with the Northern Beaches.

Mediation services provided by the Commission include:

- Confidential support and guidance on obligations under leases
- Analysis of opportunities under the current lease to negotiate suitable amendments
- Trained and experienced commercial leasing experts and nationally accredited mediators
- Advice to understand and assess the best strategic options in the short, medium and long-term

Assistance and support to local business chambers and council

Through small business roundtables it became apparent that many small businesses and industry bodies were not aware of the assistance already available from the NSW Government. To address these concerns funding of \$2,000 is proposed for each registered local business chamber and council to host small business information sessions in collaboration with NSW Government Agencies including the NSW Small Business Commissioner.

At each session, NSW Government agencies would be present or online to respond to specific questions or outline support measures and assistance available.

Business Connect support

Small businesses, including sole traders earning less than \$75,000 per annum affected by COVID-19 or bushfires may currently access free advice through Business Connect.

Business Connect is a dedicated and personalised NSW Government program that provides trusted independent business advice and events to help small businesses start, run, adapt or grow a small business. Over 120 Business Connect advisors offer advice tailored to support small business owners and operators achieve business goals and tackle immediate and long-term challenges.

It is proposed that the Business Connect program target the promotion and access to information and assistance available through Business Connect Advisors to small businesses during and immediately following a localised and restrictive Health Order.

Welcome back campaign

Directed marketing campaigns focused on addressing concerns around public health and safety and restoring reputation following media reporting the lifting of COVID-19 Public Health orders are also proposed. Such campaigns and marketing would seek to reassure potential visitors that a location is safe and promote specific attractions and benefits of the area.

These campaigns should be developed and times in consort with the rollout of the Dine and Discover program. Destination NSW's Now's the Time to Love NSW tourism marketing program could be leveraged to support this measure.

The NSW Government has announced a \$50 million Rescue and Restart package for NSW arts and cultural organisations and there may be some opportunity to secure funding from this package specific campaigns.

Dine and Discover

The NSW Government has announced that it will fast track the \$100 Dine and Discover voucher scheme and include Northern Beaches residents as part of an expanded pilot program. In response to these announcements there is a high expectation regarding access and eligibility for this program. The scheme, announced in the 2020-21 Budget, provides residents four \$25 vouchers to use on local hospitality and entertainment venues.

The Commission proposes an expansion to the scope of the initiative to a broader list of businesses eligible for discovery vouchers. This expansion would allow increased participation for businesses, improving equity and potentially increasing the use of vouchers in the local area. While a comprehensive list of industries/businesses has not been produced it is proposed that the following types of industry/businesses be added to the existing industry and businesses eligible for the 'Discover' component of the Dine and Discover program:

- Event industry and businesses supporting them such as equipment hire and catering businesses.
- Supplemental and alternative medicine practices (e.g. remedial massage).
- Hairdressers and beauty parlours.
- Gyms and fitness businesses.

Cost of administering grants and proposed measures

The Commission has not attempted to cost the associated administrative expenses of proposed measures.

Summary of consultation sessions

Consultation	Date	Industry/Local Representation
Manly Business Recovery Roundtable	Saturday 2 Jan	NSW Treasurer NSW Minister for Finance and Small Business Member for Manly Businesses from the following industries: Business Coaching Construction Education Hospitality
Pittwater Business Recovery Roundtable	Saturday 2 Jan	Minister for Employment, Skills, Small and Family Business NSW Treasurer NSW Minister for Finance and Small Business Member for Pittwater Member for Mackellar Mona Vale Chamber Pittwater Chamber Newport Chamber Avalon Chamber Businesses from the following industries: Hospitality Business Coaching
COSBOA Member & Stakeholder Roundtable	Tuesday 12 Jan	CEO COSBOA Board Chair, COSBOA ATO ASBFEO NSW Treasury Fair Work Ombudsman Aust Business Software Industry Hire & Rental Association Screen Producers Australia NBN Co NSW Dept Primary Industry Master Grocers Assoc Businesses from the following industries: Tourism Accommodation Health / Medical Hairdressing and Beauty Retail
Manly Business Chamber Consultation Meeting	Tuesday 12 Jan	Businesses from the following industries: Business Coaching Construction Education Hospitality
Manly street walk with Local MP	Wednesday 13 Jan	Member for Manly Businesses from the following industries: Tourism Health & fitness industries
Northern Beaches Small Business Meeting	Wednesday 13 Jan	Member for Pittwater Mayor, Councillors and staff of the Northern Beaches Council Businesses from the following industries: Hospitality Event Planning Catering Retail Accommodation Travel Arts

		Entertainment Education Professional Services Construction
Business NSW Northern Beaches Recovery Roundtable	Thursday 14 Jan	Business NSW Mona Vale Chamber Businesses from the following industries: Business Coaching Manufacturing / Distribution Accounting & Financial Health / Medical
Pittwater Business Consultation Meeting	Friday 15 Jan	Pittwater Business Businesses from the following industries: Hospitality Manufacturing Information Technology Accounting/ Bookkeeping Food wholesale Architecture

* The summary of consultations does not include direct representations and conversations between the NSW Small Business Commissioner, small businesses, and residents of the Northern Beaches.