Small businesses call for Australia’s Federal Budget to support new startups and young entrepreneurs in aid of economic recovery

Xero’s new research uncovers what’s top of the small business agenda ahead of Australia’s Federal Budget 2020-2021 to be handed down in Parliament on October 6

Melbourne – September 24, 2020 – More than two in five businesses want next month’s Australian Federal Budget to put a spotlight on the small business community, with new business incentive schemes at the top of the wish list for nearly one in three (29%), according to new research from global small business platform, Xero.

The survey of more than 500 Australian small businesses found more than one in four (28%) also want the Federal Budget to include measures that provide support for young entrepreneurs to grow their network and experience, while more than one in five (22%) want research and development tax incentives for small business.

The list of policies Australian small businesses want to see in the country’s Federal Budget are:

- Incentives to start new businesses (29%)
- Support for young entrepreneurs to grow their networks and experience (28%)
- Research and development tax incentives for small business (22%)
- Reduction in energy costs (22%)
- Incentives to use more technology (21%)
- Reduction in red tape (20%)
- Additional JobKeeper support to help retain employees (18%)
- Packages to support businesses to transition to close (18%).

“Small businesses have been hit twice as hard as larger businesses by COVID-19, and many will be looking to the Federal Budget for further measures that support the sector’s rebuild. We have seen encouraging signs of business recovery, particularly in areas where COVID-19 restrictions have eased, but more can be done to accelerate the pace of recovery and build long-term economic resilience. In particular, the research shows small businesses are looking to the Government for incentives to innovate and operate more efficiently,” said Angus Capel, Xero Small Business Advocate.
The research also revealed that while small business should be a high priority on the Government’s agenda, small businesses believe areas such as mental health (52%), social welfare payments (43%) and transport infrastructure projects (39%) should also feature when the Treasurer hands down the Federal Budget in a few weeks’ time.

**Digitisation to fuel recovery**

A third of Australian businesses (33%) are optimistic about being able to rebound from the pandemic with the support of the government. But two in five (41%) are more cautious, stating their business will continue to trade with government support, but will need more time to return to pre-COVID turnover.

The research revealed the important role of technology to support small businesses in the post-COVID world. One in five (21%) think the budget should include incentives to enable businesses to use more technology, with nearly one-third (30%) already planning to adopt more digital tools to help run their business if the Federal Budget outcome is favourable.

The new research outlined how small businesses intend to leverage the Australian Federal Budget if the measures are supportive:

- Use more technology in running their business (30%)
- Sell existing products or services to new customers (28%)
- Sell more products or services to existing customers (26%)
- Sell new products or services to existing and new customers (26%)
- Invest in research and development and new product/ solution development (14%)
- Expand into international markets (11%).

James Boston, Co-Founder and Director of Paperlust, a Melbourne-based online retailer offering customisable stationery for events, said his business and others would benefit from greater investment in growing visibility within foreign markets.

“There’s plenty of opportunity for Australian small businesses to recover if we invest in our export programs now. Currently, businesses receive Export Marketing Development Grant funds 12 to 20 months after the investment has been made. Considering the challenging trading conditions small business owners currently face, a lengthy delay in payment is holding us back. The sooner EMDG funds are released to small business owners, the sooner we can collectively make investments to boost our export markets,” said Mr Boston.

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About Xero’s survey
The survey was commissioned by Xero Australia and undertaken by Pureprofile to analyse the sentiments and expectations of small businesses ahead of the upcoming Australian Federal Budget 2020-2021. In September 2020, Pureprofile conducted an online quantitative survey, interviewing more than 500 sole traders and small businesses with fewer than 20 employees. The Australian survey is nationally representative.

About Xero
Xero is a cloud-based accounting software platform for small businesses with 2.38 million subscribers globally. Through Xero, small business owners and their advisors have access to real-time financial data any time, anywhere and on any device. Xero offers an ecosystem of over 800 third-party apps and 200 plus connections to banks and other financial partners. In 2020, Xero was included in the Bloomberg Gender-Equality Index and recognised by IDC MarketScape as a leader in its worldwide SaaS and cloud-enabled small business finance and accounting applications vendor assessment.