

Submission to Productivity Commission's Inquiry into barriers to business set-up, transfer and closure

Introduction

economic Security4Women (eS4W), on behalf of its member organisations, welcomes the opportunity to make a submission in regards to the issues paper provided by the Productivity Commission's inquiry into barriers to business set-up, transfer and closure.

The group eS4W (<http://www.security4women.org.au/>) is one of the five national secretariats for women's organisations given financial support by the Commonwealth Office for Women. As our name suggests, our member organisations coalesce around issues which impact on women's financial and economic well being at all stages of the life-cycle.

eS4W believes that lifelong economic wellbeing is a high priority for Australian women – it empowers women to make choices and live independently. The target group we work with are organisations that provide services to enable all women to improve their economic stats, to have access to training and legal services

Discussion

1. We found it hard to make substantive comment as we were unable to ascertain where you got the data from. There are general statements regarding statistics but no references are provided.
2. A general comment on the whole paper is that wide sweeping statements, limits thinking and confines the perspective to the status quo. We would encourage a broader perspective to be considered.
3. Access to finance is a HUGE issue for women who go into business. We would suggest to you that many small businesses are boot strapped because getting finance is TOO HARD. This is a downward spiral financially for many women (and men) who get into debt, can't pay themselves, then don't pay themselves superannuation, and are therefore more likely to be reliant on the old age pension because of this.
4. If there is greater access to finance (maybe low interest unsecured Government loans) then maybe small businesses would become larger, employ more people, and grow the economy. I would encourage you to consider policy solutions for this issue.
5. Maybe the reason Australia is not as entrepreneurial as other countries is due to regulation and access to finance? This should not be used as an excuse to not support entrepreneurial endeavour – which will drive innovation and increased productivity.
6. There are also gender issues related to things like equity finance – women often want to take a longer term view of their business compared to men – and don't want to have investors flipping in to make money and then flipping out.
7. While I understand the direction the paper is going with regards to Government Assistance for businesses (I like the outcomes based approach), there may be times when you want to target female entrepreneurs or people in regional areas to

start businesses. For example encouraging entrepreneurial activity in a regional centre such as Geelong when car manufacturing goes would be a good example of targeted assistance.

8. Harvard Business School Professor Frances Frei would say that you can't be good at everything, and sometimes you have to "dare to be bad". Governments should be free to try and to pick winners, and therefore we have no issue with assistance to business being targeted – but it does need to be strategic. I think you're your paper is identifying is that sometimes assistance is not strategic, and in some cases if implemented poorly it can actually be bad. The issue is strategy and implementation not targeting.

A personal story from a serial entrepreneur relating to access to finance

9. When I started my first business at 29 years of age, the only way I could get a \$20k unsecured bank loan was for my husband to come with me to the bank! He did not need to sign anything (he had nothing to do with the business), just show his face (I had been trying to get the loan for 3 months without his involvement). Once they saw him they approved the overdraft. As a shareholder in that bank, they have subsequently apologized to me for this treatment, but I am sure I am not the only one with this experience.
10. When I started my third business at age 43 years of age, I was a single mother and had \$6m in secured commercial property to offer, but I had to STRUGGLE to get \$1.1m in bank loans because this was a start up venture. I had a great business plan (I have an MBA and am now a Harvard Business School Alumni). Luckily I was resilient enough to battle on until I got the money (it took around 16 months), because I now employ 80 people and the business turns over \$7m per year. Many people (not just women) would have given up. It is my view that we live in a country that creates this anti-entrepreneurial environment, because access to finance is INCREDIBLY hard.
11. Each time I have borrowed money as a female in a high risk venture the banks have charged me WAY above the normal interest rate. These were business loans that were almost as high as personal loan rates. Again many people would be put off by this approach by banks and other financial institutions.

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