



## Small Business Roundtable 2020

Participants agreed [key themes](#) discussed at the inaugural roundtable remain relevant.

AFSA recognised that they needed to better understand the range of issues raised at the first forum, and performed a number of market research activities to gain valuable insights. These included:

- interviews with small businesses to understand the issues they are experiencing
- analysing user experience for potential users, casual users and regular users
- a behavioural insights review of erroneous registrations, with a focus on grantor details – as this error means a registration is ineffective.

### Theme: Lack of awareness

AFSA shared with the group the education and awareness raising activities targeted towards the small business sector since the last meeting. These activities focussed on the effective 'information multiplier' strategy, tapping into the established networks of industry, advisors, and a range of government agencies to harness their linkages to maximise the reach and effectiveness of PPSR messaging.

Participants posited a name change may assist with recognition and understanding of the PPSR. International naming conventions and the World Bank's stance was considered. Discussions highlighted that a name change at this point would present its own challenges; particularly as there is no obvious alternative that covers the wide range of collateral that can be registered against on the PPSR.

Participant discussions also highlighted that while the PPSR provides one layer of managing risk – it is not the panacea for all business risk.

### Market research findings

AFSA interviewed a number of small businesses to determine whether lack of awareness was a driving factor in businesses not using the PPSR. We found that once a small business operator understood the PPSR, the majority wanted to use the PPSR to be a secured creditor. This highlighted that many small businesses lacked a sufficient understanding of how the PPSR could be applied in their business context.

### AFSA response

AFSA developed a 'How to become a secured creditor' guide to address this need, including tips to help people understand the steps required to successfully make themselves a secured creditor when providing trade credit (e.g., contract terms, registration). AFSA is seeking feedback from users, including participants of this forum.

## Theme: Lack of support for small business

AFSA showcased a selection of new content and support tools developed based on feedback from the first roundtable, which included:

- second edition of the [PPSR Small business guide](#)
- [PPSR timings rules](#) table to help business understand PPSR timing requirements and support the accurate and effective creation of registrations
- [Responsible PPSR registration management guide](#) to help secured parties understand their obligations when engaging with the register
- a [PPSR training and testing environment](#) to enable users to make practise registrations and conduct practise searches

Participants recognised that there was a range of good resources and information available for users, but the challenge was having it in the right language, in the right place at the right time. AFSA agreed there would be benefit in potentially repackaging key material built around typical business transactions that businesses would be familiar with.

Discussions focused on the need to avoid trying to be a 'one stop shop'. Feedback highlighted that the tendency to rewrite and republish information from other websites in an attempt to help users tends to undermine engagement because it increases the volume of information and repetition of information across multiple sites. The focus needs to be on each agency being responsible for their own specialist content, acting as a single source of truth according to their remit or area of expertise.

Participants agreed there continues to be a lack of knowledgeable advisors and accessible support services to help small business effectively use the register. Participants discussed the need for ongoing education and what an effective education campaign might look like. Questions raised by the group included:

- Who do we need to educate?
  - lawyers, accountants, business professionals
  - business owners
- When is the right time for business owners to be educated?
  - When you get an ABN?

- When you become a Director?
- When you start trading?
- As you create a new customer in your invoicing system?

## Opportunity for future market research

Participants suggested market research could assist to help identify the most effective time in the business cycle to educate business owners. AFSA agreed to this suggestion and will look to commence this research.

## Theme: Complexity

AFSA recognised that complexity in both the legislation and register made it difficult for small business. To support AFSA's ongoing program of work to simplify the register, AFSA partnered with the Australian Government's Behavioural Economics (BETA) team to consider how it can simplify the user experience and reduce errors.

## Market research findings

User research focussed on tracking the user experience across potential, casual and regular users, and included the following insights:

- there is a marked difference between how experienced and inexperienced users approach the registration process
- users assumed a critical decision was of low importance due to the visual hierarchy displayed on screen
- users didn't understand the consequences of the decisions they were making.

## AFSA response

AFSA has already commenced work on a new website, which will simplify language and support for users, and will seek feedback from participants through the [AFSAsandpit](#).

AFSA has also commenced work on considering how recommendations for register simplification can be delivered – noting that it is important not to disrupt regular users while improving the experience for first time/infrequent users. Potential solutions could include a portal or special assistance for this group of users.

## Theme: Enforcement

### Market research findings

Interviews with small business identified the following insights:

- nearly all participants said they would present to the insolvency practitioner once they were aware insolvency proceedings had commenced
- over 75% would seek advice
- approximately half of all survey participants said that they wouldn't engage a lawyer – as they thought it would be too expensive.

Participants agreed there's a need for guidance for small business to help them navigate through the complex insolvency process.

### AFSA response

AFSA has already commenced work on a PPSR Enforcement guide – aimed at helping small business proactively enforce their security interest. The guide will include tips for secured parties to understand the steps they can take to get their goods (or value) back.

Feedback will be sought from participants to ensure that the language and messaging will meet the needs of users.

*AFSA acknowledges the ongoing participation and support for this initiative from small business champions, advocates and industry representation from the Australian Finance Industry Association (AFIA), Australian Institute of Credit Managers (AICM), Australian Restructuring Insolvency & Turnaround Association (ARITA), Australian Small Business and Family Enterprise Ombudsman (ASBFEO), Chartered Accountants Australia New Zealand (CAANZ), Commercial & Asset Finance Brokers Association of Australia (CAFBA), Council of Small Business Organisations Australia (COSBOA), Hire and Rental Industry Association (HRIA), the Reserve Bank of Australia (RBA) and information brokers.*