

## Tourism sector facing cash flow crisis

**Business growth hindered by poor cash flow? One in two business owners agree.**

[A new report](#) has found that more than half (53%) of Australian small-to-medium sized business owners said they need additional working capital of up to \$25K if they are to achieve growth over the next 12 months.

**The leisure and tourism industry was revealed as the biggest borrower of capital, with half of those questioned having taken out a business loan.**

With more than a third of Australian small business owners anticipating cash flow challenges hindering investment in business growth this year, it is clear that small business needs flexible working capital solutions to help maximise cash flow.

Predictably, **late payment** was partly to blame for the financial pressures faced by many small businesses with more than a quarter (26%) of business owners waiting up to 30 days for customers to pay. Business analysts D&B currently report the Australian average at 52 days!

The findings indicated **poor pricing strategy** (i.e. under-charging for goods and services) also a factor, as well as business owners not knowing their options for [managing cash flow](#) and working capital requirements. Additional key findings are:

- Meeting day-to-day operating expenses was the most common reason (35%) for borrowing, followed by purchasing more inventory (23%) and [business modernisation](#) (20%)
- A further 25% needing up to \$50K to boost business performance
- 70% would use the additional capital to improve marketing
- While 40% would use the money to up-skill their workforce

Poor [cash flow management](#) is the single biggest cause of failure amongst small business, not poor sales. Despite a significant number of business owners claiming they would benefit from additional working capital, just 30% have borrowed money to assist their business.

Yet it is becoming easier for small business to benefit from cash flow management strategies, such as a tapping into [government grant funding](#) assistance to free up cash reserves to make better progress with your business planning, marketing and e-commerce processes.

With a total business grant market in Australia estimated at \$5 billion annually, it's worth checking if you're eligible and then tapping into the various options available and putting in place the best solution(s) for your business.

**Need help finding and unlocking the hidden cash in your tourism business? Not sure if you qualify for grant funding? Call Collins Hume today on 02 6686 3000.**

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### Grants available to businesses in the Tourism Sector

Government funding is available for businesses operating in the Tourism Sector of up to \$40,000 per business over two years. Tourism operators may include such businesses as:

- Tourism accommodation
- Tourist attractions
- Local food and beverage tasting experience
- Tour operations
- Travel agency services

To be eligible, your business must meet a number of criteria and derive a significant proportion of revenue from tourists (people who travel a round-trip distance of at least 50km from home, and would either cease to exist in its present form or would significantly be affected if tourism were to cease).

Grants are made on a 50% matching dollar basis for any approved services performed.

Some of the services that the government will approve includes but is not limited to business planning, cash flow management, marketing planning, digital media strategies, e-commerce, staff training and business mentoring and coaching.

Call Peter Fowler on 02 6686 3000 or email [peter.fowler@collinshume.com.au](mailto:peter.fowler@collinshume.com.au) and for an obligation free eligibility assessment.



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