

Trepidation on Trump

Aussie minnows fear global policy fallout

JUST over half of Australian small and medium businesses are worried about the knock-on effect of a Donald Trump presidency.

The small end of town told the latest MYOB snapshot that they were concerned about potential US policy changes and how they could affect their bottom lines.

While 53 per cent expressed general concern, 13 per cent said they were worried about any trade restrictions as a result of the US withdrawal from



the Trans-Pacific Partnership. A similar number were wary about "President Trump's unpredictable behaviour".

MYOB chief executive Tim Reed said the nervousness expressed by local small and medium businesses mirrored that of businesses overseas. He said businesses were looking to "recalibrate to a less-certain macro environment".

"When our small and medium enterprise community is confident in its business outcomes, it not only benefits

individuals but the broader Australian community," Mr Reed said. "It's not surprising global volatility has filtered to a local level, but this pessimism from Australia's small business community points to a need for support from government to provide local stability and offset global policy decisions."

Trepidation comes as research collated by the Aus-

tralian Small Business and Family Enterprise Ombudsman found many local small businesses were looking global.

The Ombudsman's statistics, bringing together data and analysis from the ATO, ABS and Austrade and other regulators, show the number of small businesses venturing into offshore markets is rising. "Encouragingly, ABS data

shows more and more small businesses are entering export markets, with 44 per cent of goods-exporting firms classified as small business," Ombudsman Kate Carnell said.

"Many are also entering the global market place at an early stage of their development, giving rise to the 'born-global' phenomenon," she said. While many small businesses were at the cutting edge of innovation, Ms Carnell said she'd like to see more go down this path. claire.heaney@news.com.au

PUSH FOR ACCESS ALL AREAS APPROACH

CLAIRE HEANEY

THREE-time Paralympian and three-time Australian Open mens wheelchair champion Dylan Alcott has experienced first hand the difficulties of access or getting customer service.

"When I go shopping I can't reach a lot of the items," Mr Alcott said.

He said he couldn't read ATM screens or other things people took for granted.

But Mr Alcott said he was far from alone.

Approximately 4.3 million Australians are living with some sort of disability, including physical, learning, visual or hearing disabilities.

Mr Alcott said he and former wheelchair basketballer Nick Morris saw an opening for a niche business providing training to government and non-government sectors to ensure they truly engaged with people with disabilities.

Yesterday, with a cast of Paralympians among his



Dylan Alcott celebrates his victory in the Australian Open mens wheelchair final in January. Picture: MICHAEL KLEIN

staff, they launched Get Skilled Access.

Mr Alcott said while there were ramps and wide entrances available for people with disabilities these were not enough.

"It is good for business to cater for people with disabilities," he said.

"If I told these businesses that 20 per cent of the population had some sort of disability they would

understand the need to cater for them.

"I don't want to have to get my girlfriend to do things I should be able to do."

Get Skilled Access will provide frontline training for retail staff.

Mr Alcott, who has travelled around the world competing, said airlines were one of his biggest bugbears.

"Airline staff do not introduce themselves to you.

They talk to the person next to you," he said.

Mr Alcott said while he was outgoing and resilient and achieving things a lot of able-bodied people wouldn't do, some people with disabilities were not as outgoing and would stay at home rather than try to tackle daily challenges.

"We have real life experience, I am sick and tired of able-bodied

people talking on my behalf."

Mr Alcott, who started his sporting career after receiving his first sports wheelchair from Variety — the Children's Charity, is also launching the Dylan Alcott Foundation to assist young Australians with disabilities to develop self-esteem through sport and study.

getskilledaccess.com.au

Chance to shape the future

YOUNG entrepreneurs can share in \$300,000 to make their innovative technology solutions a reality.

Launched this week, the second annual Future Makers program is pitched at charities, social entrepreneurs and social enterprises with technology ideas contributing to the employability, education and wellbeing of disadvantaged young people.

Up to 12 Future Makers finalists will score a place in a four-month accelerator program, sponsored by Optus, providing mentoring, advice and networking opportunities.

Optus corporate social responsibility associate director Helen Maisano said the program was an opportunity to harness the strong community of start-ups and charities who could help drive social change.

"We believe that by harnessing the power of technology and leveraging our resources we can help turn bold ideas into digital solutions which improve the lives of young people," she said. Applicants must have a basic prototype to support their idea. Applications close on May 5.

optus.com.au/grants

Targets aplenty as property market rug is ripped out

REGULAR readers will be familiar with our long-held views on residential property across the eastern seaboard.

We believe that apartment oversupply will force developers to discount their inventory to move stock.

Rising interest rates, banks blacklisting suburbs or reducing the availability of certain types of loans, will pull the rug out from buyers. Rising vacancy rates will continue to put pressure on yields and reduce the attractiveness of property as an investment. Finally, the reduced demand and increased supply will put an end to the construction boom.

While we have been warning investors for about a



THE SHORT CUT with ROGER MONTGOMERY

year about the "fool's gold" of leveraged apartment investing, the Reserve Bank warned of a looming collapse in the housing market due to the oversupply of apartments just six days ago.

From a stockmarket perspective, first in the crosshairs are developers, companies that supply consumables or equipment used in the building process or those involved in lending to the property market or insuring lenders. Examples include Finbar, Tamawood, Simonds Group, Devine,

Cedar Woods, Mirvac, Boral, Oldfields and James Hardie. On the lending side, think the big and small banks as well as insurers QBE and Genworth.

Developer Finbar, for instance, has reported negative cash flow in five of the past six years. And this period includes a property boom in Perth.

Total cash flow over the past 10 years amounted to minus \$127 million. Despite this, dividends have been paid every year. One cannot help wonder whether the current yield can be maintained.

There are however second and third-order consequences of a slump in Australia's fondness for property.

In September, the Melbourne Institute of Applied Economic and Social Research published the results of its consumer confidence survey asking sample participants the wisest place to store savings.

It has been asking the question since 1974. In September 2015, 28 per cent of respondents said property was the best investment.

That slumped to 11.8 per cent in the latest survey suggesting another rug — confidence — is being pulled out from under potential buyers. That's another nail in the coffin for any leveraged

owner who wants to sell.

Typically, the purchase of a new house or apartment is followed by its fitting out, furnishing and/or renovation. Companies such as Beacon Lighting, Wesfarmers-owned Bunnings, Harvey Norman and JB Hi-Fi come to mind as potential targets for short sellers who seek to profit from the fall in the share price as other investors sell out.

With household debt already at record highs, a property correction could produce negative equity scenarios for thousands of mortgagees further crimping any desire to spend.

The case of JB Hi-Fi and Harvey Norman therefore requires a special mention because their share prices and

recent business performance suggests there is nothing to worry about.

But not only do these companies face a potential cyclical downturn, but structurally they might be facing headwinds from the arrival of Amazon in Australia, which has turned shopping malls throughout the US into ghost towns.

And that leaves us the third order: shopping centre owners such as Stockland and GPT. Investors have long been told to expect lower returns but those lower returns might arrive sooner than they think.

ROGER MONTGOMERY IS MONTGOMERY INVESTMENT MANAGEMENT INVESTMENT CHIEF