

# Business Eligibility Criteria for Self-Employment Assistance

## Supporting Document

To access certain components of Self-Employment Assistance, Participants must have a business or business idea that meets the Business Eligibility Criteria. This guidance document identifies these criteria and how they must be assessed.

### 1. The business must be Viable

A business is Viable if it is likely to provide the Participant with a net income that is at least equal to the single 22 or over, no children Basic Rate of JobSeeker Payment as at:

- (a) 12 months after the business has commenced operating if it is not yet operating, or
- (b) 12 months from the Provider's assessment of viability if the business is already operating.

The decision as to whether a business is Viable or not is made at the Provider's discretion. The level of detail involved in the assessment of a business' Viability will depend on whether the assessment is conducted before or after the Participant has drafted a Business Plan.

#### Assessing Viability before the development of a Business Plan

The Provider must assess the Viability of a Participant's business or business idea before delivering Small Business Training, Business Plan development, a Business Health Check, or a Business Advice Session (where the Participant is an Eligible Business Owner) to a Participant. In making this assessment, the Provider should consider:

- **the business idea** and whether it will be feasible
- **the business' expected revenue** – whether it will come from multiple sources and whether it will be sustainable
- **the business' key expenses** and whether the Participant is likely to have access to the financing needed for its start-up costs (where applicable).

#### Assessing the Viability of a draft Business Plan

The Provider must carry out a more thorough assessment of a business' Viability when a Participant submits a draft Business Plan for assessment. This assessment must be carried out by considering:

- **the business' expected revenue**, which is based on thorough market research and realistic sales forecasts. The sales forecasts must allow for seasonal fluctuations and low initial sales.
- **the business' expenses** as identified in the expenses section of the cash flow forecast. Where a business plan involves a business loan, the expenses must include any loan repayments.
- **Competition issues**, such as whether the business has a clear unique selling point strategy to compete with established competitors, so it can achieve its sales forecasts.

- **Nature of industry and labour market**, such as whether the industry of the business is growing or in decline and whether there are opportunities for the business.

A business that is not-for-profit may still be Viable if the business generates enough income for the Participant to pay themselves income equivalent to the single, 22 or over, no children basic rate of JobSeeker Payment. The Provider must ensure that not-for-profit businesses have a revenue source that is not solely derived from grants/fundraising/crowd funding.

## 2. The business is either new, or is being operated by an Eligible Business Owner

To meet the Business Eligibility Criteria, a business must either be a new business or be operated by an Eligible Business Owner.

### New businesses


A new business is a business that has not yet sold goods or services to its customers, or only began doing so in the past 6 months.

### Eligible Business Owners

An Eligible Business Owner is the owner of a micro-business (with less than 4 employees not including the business owner) that is not currently Operating Commercially or is at risk of not Operating Commercially within the next 12 months.

#### *Identifying that a business is not currently Operating Commercially*


To confirm that a business is not currently Operating Commercially, the Provider must confirm that the business' net income in either the last full Financial Quarter or in the last 6 months was less than the equivalent amount of Self-Employment Allowance that could have been paid over that period. The Provider can confirm the exact amount of Self-Employment Allowance payable over a given period using the Self-Employment Allowance Calculator available through the Department's IT Systems.

 The Provider must retain Documentary Evidence confirming their decision that a business is not currently Operating Commercially. Relevant Documentary Evidence could include, but is not limited to:

- bank statements
- profit and loss statements
- balance sheets
- income statements.

#### *Identifying that a business is at risk of not Operating Commercially*

A business that is at risk of not Operating Commercially is a business that (in the Provider's opinion) may not be Operating Commercially in 12 months' time.

 The Provider must retain Documentary Evidence confirming their decision that a business is at risk of not Operating Commercially. The Documentary Evidence must note the specific threat(s) to the business' Viability and may include, but is not limited to:

- documentation confirming a recent event (such as a natural disaster) or change in the business' circumstances that has impacted the operations of the business
- confirmation of changes in the business' operations, such as the withdrawal of a supplier or the entry of a new competitor
- financial information identifying a trend in the business' performance.

### 3. The business must have an independent structure

Participants must hold and maintain a controlling interest over their business while accessing Self-Employment Assistance.

It is possible for 2 or more people to form a partnership, company, group enterprise or cooperative enterprise. A Participant can form a joint enterprise with:

- one or more other Participants, and/or
- one or more other person/s who are not accessing Self-Employment Assistance.

A business is considered to have an independent structure if the Participant(s) operating the business:

- can assert 'managerial control' over the direction of the business, and
- maintain a controlling interest that is greater than or equal to the interests of individuals who are not accessing Self-Employment Assistance.

#### Business structures that are not considered independent

- a subsidiary
- a part of a multi-level marketing arrangement (including pyramid schemes)
- intending to supply labour, products or services to a single business (for example, a business where the Participant only intends to work as independent contractor for a rideshare or delivery company).

Note: Brokerage businesses, family day care businesses, franchisees and independent contractors are allowed may still be considered independent businesses.

### 4. The business must be lawful and capable of withstanding public scrutiny

The Provider must ensure that Participants' businesses are capable of withstanding public scrutiny. This means that a business must not bring Self-Employment Assistance, the Provider or the Australian Government into disrepute. The business must:

- comply with relevant local, state and territory and Australian Government regulations
- be lawful
- be operated under appropriate qualifications.

The types of businesses that may not meet the criterion of being capable of withstanding public scrutiny include, but are not limited to:

- psychic related businesses (such as mobile Tarot reading, psychic or hypnotic surgery, aura washing, clairvoyance, numerology)
- gambling
- managing greyhound or other racing syndicates
- graphic or violent films and violent multimedia material
- sales or distribution of weapons (for example, guns)
- providing a platform for promoting political, religious (for example, theology, teaching of beliefs, evangelistic ministries) or philosophical points of view
- racial or religious vilification
- sex industry related activities, products or publications (print and electronic)
- businesses that use offensive language or genitalia, or any other part of the anatomy in an offensive way, in their names or describe or display logo graphics
- businesses that support illegal drug use or the construction or sale of equipment that could be used for illegal drug use
- tattooing that is not compliant with legislation, including health regulations.

Businesses that provide Complementary and Alternative Medicine (CAM), also referred to as Complementary Medicine (CM), are broad terms used to describe a wide range of health care medicines and therapies (forms of treatment that do not involve medicines). For CAM businesses the Provider should ensure they have a full understanding of the services to be delivered, to ensure risks to the Commonwealth are minimised. CAM or Natural therapy business must not claim to heal or cure any health issues.

## Checking insurance and lawfulness in a draft Business Plan

The Provider must undertake additional checks when approving a Business Plan to ensure that the business is lawful and is capable of withstanding public scrutiny.

If a business requires certification, the Participant must hold and maintain appropriate professional body certificates and/or active memberships (where applicable or mandatory). The Provider must see evidence of this certification to assist in satisfying the 'public scrutiny' requirement.

### *The business must have appropriate insurance*

The Provider must ensure that a Business Plan include a risk plan that specifies the appropriate insurance(s) for the business. This must include public liability insurance and may include other appropriate insurances such as professional indemnity, product liability or any other relevant insurance. Such policies normally provide insurance covering the Participant's legal liability if someone who is not an employee or a family member (third party) suffers injury, damage to property, or death due to their business' operations.

### *The business must be lawful*

The Provider must take reasonable steps when assessing a Business Plan to ensure that the business is lawful. This may include confirming where relevant that the Participant:

- has a Working With Children Check where they will be required to have one under Working With Children Laws
- holds an Australian Business Number (ABN) or Australian Company Number that is current and relates to the business
- is registered for Goods and Services Tax (GST) (if applicable).

The Business Plan should include evidence that the Participant has researched, and will comply with, any Commonwealth, state, territory and local government legislative requirements affecting their business operation.

This includes checking work health and safety regulations, environmental, equal employment opportunity, industrial relations, anti-discrimination requirements, and relevant industry codes of practice.

## 5. The business must be in Australia

A Participant's business must be controlled, managed and physically located in Australia.

Participants may travel overseas to purchase stock, make sales or earn business income as long as management and control remain in Australia.

Participants in Small Business Coaching must organise travel so that they are available for monthly contacts and Business Mentoring and must not work overseas on an ongoing basis. Participants in Small Business Coaching must ensure that all business travel (with appropriate travel insurance) and the reason for the travel is included in their Business Plan.

For Participants receiving Self-Employment Allowance, overseas travel could be longer than the four-week period allowed by Services Australia for those participants who remain on an Income Support Payment.