



OWNERSHIP INFORMATION SHEET

Business Transition in Regional Australia

MIS102 V2.1 - 19 January 2010

The Mercury Centre has been researching ownership transition in rural and regional Australia. Some of this information is provided below.

- In rural and regional areas, business advisors are confirming that there are increasing numbers of people who own businesses who are wishing to retire or sell up but who do not have family members willing to take over the business.
- The businesses involved are often viable, but they are frequently not profitable enough to attract outside buyers.
- Many of these businesses play a vital role in keeping local rural communities alive by providing essential goods and services and by enabling rural residents to work closer to where they live.
- The closure of a rural business often hits the local community much harder than in regional centres or cities where other businesses can fill the gap of lost services or jobs.

Experience of purchase of a business by either the employees, the community or both, has been identified in the following cases.

- Caravan Park (Albany, WA)
- Cheese Factory (Kenilworth, Qld)
- Cinema (Bowraville, NSW)
- Cinema (Gulgong, NSW)
- Cinema (Young, NSW)
- Cinema (Manildra, NSW)
- Cinema (Ouyen, Vic)
- Cinema (Tumut, NSW)
- Hotel (Devinish, Vic)
- Hotel (Hopetoun, Vic)
- Hotel (Red Cliffs, Vic)
- Hotel (Yinnar, Vic)
- Hospital (Hobson Bay, Vic)
- Hospital (Yeovil, NSW)
- Manufacturer, (Sydney, NSW)
- Petrol Station (Kaniva, Vic)
- Petrol Station (Yackandandah, Vic)
- Plywood Factory, (Kyogle, NSW)
- Store (Culgoa, Vic)
- Store (Lexton, Vic)
- Store (Nuriootpa, SA)
- Store (Walbundrie, NSW)

Failed business succession can represent a missed opportunity to any local community.

When any business is placed on the market, the employees are anxious about their livelihoods and are keen to secure their jobs. An employee buyout in these situations can represent a win-win for the current owners, the employees and the local community.

In coming years, there will be many instances where a community or employee buyout will be an effective way of not only saving a vital business, but also delivering a good outcome for the whole community.

These problems of business transition are not confined to regional areas. Urban business owners will find that many of the issues are similar and that these challenges can be met by the same solutions.