



Quarterly report

Australian Small Business and
Family Enterprise Ombudsman
Quarter 1 – 2017

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A strong start to our second year

Three inquiries completed, a growing advocacy agenda and thousands of small businesses assisted



Welcome to our new look Quarterly report. We have endeavored to distill our work over the last three months to a more consumable and easy to read format.

In the last quarter the Office has established itself as a leading voice for small business to government and industry. In this time we have celebrated our first anniversary and consolidated the Office's role as an effective and well informed advocate. Our assistance function has experienced continued demand to provide assistance for the small business and family enterprise sector.

We also finalised our very first self-initiated inquiry in to payment times and practices in Australia. This inquiry found that one in two businesses reported more than 40% of their invoices were paid late last financial year. This is a pressing issue for small businesses and we will continue to work hard on their behalf to create changes to legislation that this sector sorely needs. Our inquiry also yielded early results with Telstra and Coles announcing initiatives to pay their small business suppliers in shorter timeframes.

As an independent statutory authority, the Office continues to follow up on issues uncovered in our previous inquiries. For example, there was continued interest in our Small Business Loans inquiry with members of the House of Representatives Standing Committee on Economics questioning the Chief Executive Officers of the big four banks using our report as the foundation for their queries. Similarly, the Office was able to share the key learnings from our Road Safety Remuneration Tribunal (RSRT) inquiry in a submission to Industrial Relations Victoria on a review of owner drivers and forestry contractors legislation in that state.

We have a number of upcoming initiatives, including the small business hub, the National Payment Transparency Register and our Dispute Resolution Service Provider Panel which will expand the range of support our Office can provide to advance small business and family enterprise issues.

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman

Summary of recent key activities

Outreach

- Encouraged discussion between ASBFEO and small businesses on pressing issues impacting the sector
- Undertook various media (metro, regional and rural) activities
- Released the Small Business Statistics Report and our Advocacy agenda

Advocacy

- Finalised the Payment Times and Practices Inquiry
- Continued our involvement on issues such as the Black Economy taskforce, industrial awards and small business and Commonwealth procurement
- Provided 15 submissions advancing small business concerns on Government policy

Assistance

- Received 633 contacts via phone, email and web inquiry - a 28% increase on the previous quarter
- 70 per cent of contacts were for assistance with business to business disputes
- Banking dispute contacts have doubled after the completion of the Small Business Loans Inquiry

Next Steps

Outreach

Commence planning on a small business hub to provide industry associations and small businesses with a Canberra base for liaising with Government. Continuing our social media engagement via Facebook, Twitter and LinkedIn channels to raise awareness of the office. Deliver key messaging about our role, resources available, open consultations and results from reports to the small business sector to foster debate on small business issues.

Advocacy

Continue work on action items from our advocacy agenda and the Payment Times and Practices inquiry including preliminary work on a National Payment Transparency Register to shine a light on good and bad payment practices. Other work will examine the issues and challenges with introducing a small business industrial award to inform the policy debate and research small business participation in Commonwealth procurement.

Assistance

We have asked the nation's premier dispute resolution specialists to join a list to conduct alternative dispute resolution under our legislation and work with us to help keep small businesses out of the courts. The list compiles affordable providers and will be shared with businesses seeking assistance. We are meeting with the large number of applicants over the next quarter. We will continue to refine and improve the dispute resolution information and tools available to small business through www.asbfeo.gov.au to provide guidance on dispute matters.

Outreach : Engaging with small business and the wider community

Awareness and Education

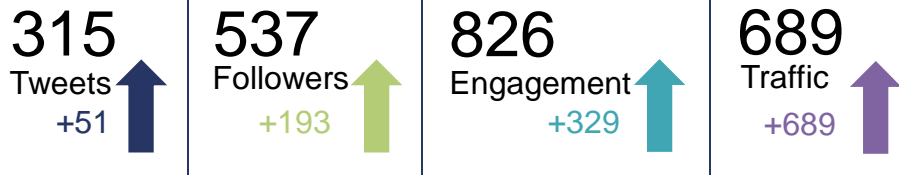
The Ombudsman continued to engage with the community, providing keynote addresses and contributing in panel discussions to explain and promote the ASBFEO's role in assisting—and advocating on behalf of—small businesses and family enterprise.

An essential part of the ASBFEO's awareness campaign the Ombudsman promoted the Office at 26 Government and external events. The Ombudsman attended 18 meetings with the Government on behalf of small business and family enterprise; gave eight speeches during panel and guest speaking roles; and had 50 media interviews (radio, TV and print).

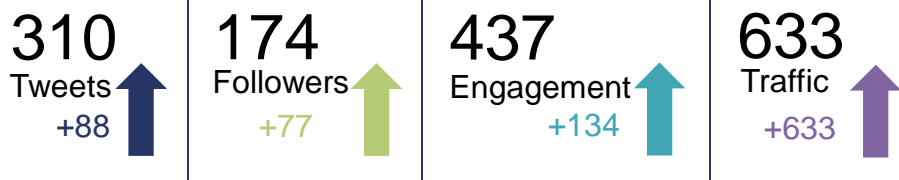
Media awareness activities included undertaking various media (metro, regional and rural) activity including radio, television and print interviews, social media activity, media releases and articles in trade publications also supported our awareness efforts. This generated more followers via our social media channels. In this quarter, the ASBFEO's Twitter account gained 193 followers and sent 315 Tweets; our Facebook account gained 77 followers and sent 269 posts.

Quick stats

Twitter 1 Jan – 31 Mar 2017

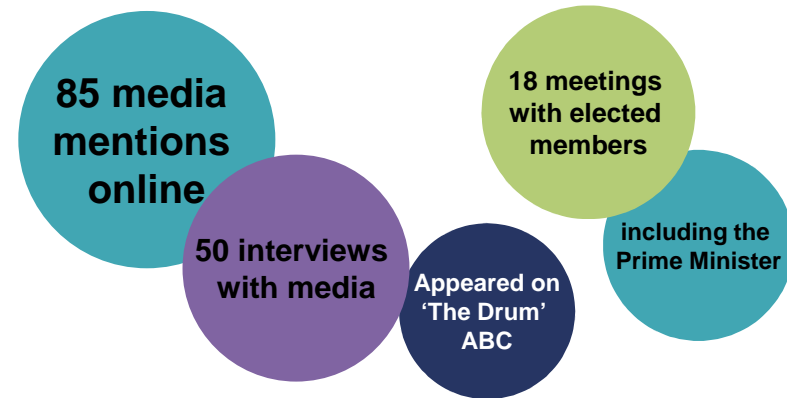


Facebook 1 Jan – 31 Mar 2017



Keynote Appearances

The Ombudsman represented the Office at the following community and media events.



Communication Channels

Successful communication through multiple channels

Website



There were 20,855 visits to the ASBFEO website, with 65% being hits from new visitors.

Newsletter



We have 1,329 subscribers, with an open rate of 40% on average per newsletter.

Social Media



We have four channels – Facebook, Twitter, YouTube and LinkedIn. These accounts are monitored and posted to on a daily basis (excludes YouTube).

Advocacy : A strong start to 2017

Payment times and practices inquiry

Big business using small business as a bank. In the last quarter we finalised our Payment times and practices inquiry. This inquiry identified the extent of late payments to small business with 2 in 3 small businesses telling us they were paid late last financial year.

Through the inquiry process the Office identified that extended payment times are increasing in frequency to the detriment of small businesses. The inquiry confirmed that trade credit is an important source of finance for small business but it is increasingly affected by asymmetries in bargaining power between large and small business.

While some characterise this as another step in disruption within long standing practices and supply chains we identified that extending payment times can manifest as a barrier to economic growth. The legislative vacuum in Australia on this topic has been exploited by big businesses and multinationals flexing their control and influence over business practices in Australia. Government has a role to play in speeding up payment to its suppliers as well as levelling the playing field through legislative options to give small business an even chance.






Research and advocacy issues

The Office has continued to examine banking practices. The Ombudsman's Small Business loans inquiry report on released publicly on 3 February 2017. The Office has continued to work with stakeholders on individual cases related to the inquiry. In addition, we have worked with the Australian Securities and Investment Commission (ASIC) to look at bank contracts compliance with Unfair Contract terms (UCT) legislation.

The Office continued to critically examine the Australian Banking Association's (ABA) responses to systemic issues within the banking industry. This includes the ABA's response to the Independent Review of the Banking Code of Practice. The Office will maintain oversight of the industry's actions and timetable to respond to their public promises.

Our Advocacy team also commenced research into small business participation in Commonwealth procurement activities as well as looking at issues associated with the Financial Technology (Fintech) industry which is a rapid growth industry. The Office started preliminary work examining research around a small business industrial award to inform this important debate.

At a glance

-  150+ submissions
-  2,780+ survey respondents
-  110+ letters to large business
-  30+ stakeholder meetings
-  8 Reference group meetings

Legislation, policies and practices impacting small business

Government departments continue to need reminding about small business considerations. The Ombudsman provided 15 submissions to State, Federal departments and agencies on small business issues. This included submissions to the Fair Work Commission on the important transition arrangements for introducing changes to penalty rates.

The Office also provided a submission to the Industrial Relations Victoria (IRV) sharing our learnings from the RSRT inquiry. IRV is looking to make changes to Victorian legislation which would affect transport industry owner drivers and forestry contractors in that state.

Representatives from the Ombudsman's Office also worked with Government departments on the Black Economy taskforce as well as with agencies on budget submissions which would have significant repercussions for small business owners. This includes working with the ATO proposal to provide details of business owners with outstanding tax debts to credit bureaus.

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