



Quarterly report

**Australian Small Business and
Family Enterprise Ombudsman
Quarter 2 – 2017**

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Powering ahead for small business

Calling out poor practice and encouraging small business protection and growth



Over the past three months, the Office has continued to actively assist small businesses with a range of issues.

The increasing cost of **electricity** and reduced reliability of supply has been raised frequently as a cause for concern. I have publicly stated that Parliament should endorse the Finkel Report and adopt its recommendations. I will continue to advocate for this because small business needs certainty and potential investors need confidence.

Our **payment times and practices inquiry** has delivered beneficial outcomes. More big businesses are finally taking steps to assist their small business suppliers by reviewing poor practice, making efforts to change for the better or by signing the Business Council of Australia's voluntary code. This is a good start but much work remains to be done to ensure small business are paid on time and in a reasonable timeframe .

Our Office, in collaboration with **FinTech** Australia and an independent SME finance expert, is surveying fintech small business lenders to establish current trends and best practice in this emerging sector. Once we collect the necessary information we will publish the results in a report. We are aiming to identify industry best practice to help small business and family enterprise better understand their fintech borrowing options.

I was pleased to note the launch of a new dairy industry Code of Practice for Contractual Arrangements between farmers and processors. I had input to the code, which precludes retrospective price reductions, and I will monitor its effectiveness over the next 12 months.

In terms of upcoming initiatives, a small business hub will be established soon as part of the Office, providing a space for small business organisations to operate in Canberra. The National Payment Transparency Register is also well under way.

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman

Summary of recent key activities

Outreach

- Media interviews on topics including: Payment terms for freelancers; bank lending to small business (60 Minutes); government payments to small business; dairy industry code of conduct; fintech lending.
- The Office has attended small business roadshows with the Minister, ATO and ACCC in South Australia, NSW, Tasmania and Queensland.

Advocacy

- Released the Payment Times and Practices Report on 12 April recommending a range of steps which the Government could implement to address late and extended payment times in Australia.
- Continued to engagement with ASIC, APRA, the major banks and interested stakeholders on removing the use of financial covenants and unfair contract terms in small business loan documentation
- Commenced a joint Advocacy/Assistance investigation into an Australian Government procurement which resulted in a range of poor outcomes for small businesses involved.

Assistance

- 727 contacts received during the quarter (in addition to contact made directly to the Advocacy function), representing a 15 per cent increase from the previous quarter.
- The majority of contacts (66 per cent) continue to be requests for assistance with resolving disputes. Payment, contract, fair trading/competition and general business-to-business disputes continue to dominate the requests for assistance with disputes.

Next Steps

Outreach

A small business hub will be established to provide industry associations and small businesses with a Canberra base for liaising with Government. We will continue our social media engagement on Facebook, Twitter, LinkedIn and YouTube to raise awareness of the Office and the importance of the small business sector. A forum will also be organised to enable a consolidated voice for small business organisations on key issues of mutual interest.

Advocacy

We continue to work on action items stemming from the Payment times inquiry including work surveying financial literacy programs available to small business, liaison with the Murray review on sharing payment learning and submissions from the construction industry. The Advocacy team also progressed work on award simplification and will collate the results of our Fintech survey. Work on research into small business participation in Commonwealth procurement will be finalised in the coming quarter.

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. A large number of applications have been received, and we have met with multiple applicants and assessed their suitability for inclusion on the list. We will continue to meet with 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: Speaking up for—and reaching out to—small business

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 business and family enterprise.

The National Press Club held a debate on penalty rates on 23 May 2017, inviting the Ombudsman to debate the ACTU president Ged Kearney.

The Ombudsman welcomed the inaugural Micro, Small and Medium-sized Enterprises Day (27 June) designated by the United Nations with two TV interviews, a media release and social media posts.

The Ombudsman attended 24 meetings with the Government on behalf of small business and family enterprise; gave 16 speeches during panel and guest speaking roles; and had 60 media interviews (radio, TV and print).

The Ombudsman promoted the Office at over 50 Government and external events, including the Small Business Minister's Roadshows, travelling to three states to speak with small business operators.

Quick stats 1 April – 30 June 2017



847 likes
143 posts
499 engagements
(reactions, comments, shares)



760 followers
176 tweets
440 engagements
(quotes, retweets, likes, replies)

Keynote Appearances

23 May 2017
Debated penalty rates at the National Press Club with ACTU president Ged Kearney (*left in photo*).



The Ombudsman promoted the Office at over 50 external events, including the Fremantle Business Awards on **9 June 2017**.

27 June 2017 Celebrated the very first Micro, Small and Medium-sized Enterprises Day. Attracted media attention from local TV and national radio media, and social media.



Communication Channels



60+
interviews
with media



1,795 newsletter subscribers, with an open rate of 37% on average per newsletter



65 media
mentions
online



There were 20,774 visits to the ASBFEO website, with 64% being hits from new visitors.

Advocacy : Supporting economic growth and strong small business



Action items: Payment times and practices

We are pursuing a range of initiatives following the inquiry: We have worked towards establishing a **National Payment Transparency Register** to assist small businesses to understand the payment terms of their larger trading partners.

We have surveyed existing working capital management programs available to assist **small business financial literacy and are working with other Government agencies** to sharing this information and collaborate on bringing this a better small business financial literacy focus into existing national strategies.

We have continued discussions with the Treasury and the Department of Finance **around faster payment times by the Australian government and flowing terms and conditions through government supply chains.**

Legislation, policies and practices impacting small business: In the past quarter, the Advocacy team contributed fifteen submissions to inquiries and consultations which raised issues affecting small business and family enterprises. The Office also participated in roundtable consultations on the Indigenous Business Strategy and on Australian Government Procurement.



Progress continues: Small business loans



The **Ramsay Review** into dispute resolution had its terms of reference widened. Now, it is tasked to make recommendations for a scheme of last resort and consider the merits and issues involved in providing access to redress for past disputes. The final report is due soon.

The **Australian Bankers' Association** has adopted in principle all 12 recommendations related to the industry. Fairer practices will be captured in the new Code of Banking Practice which is on track to be in place by December 2017.

Unfair contract terms for facilities of less than \$3 million are being **removed**. We are working closely with ASIC to review banking standard form contracts to bring them into line with the new legislation.



FINTECH Survey: There is significant interest in the potential of new Financial Technology (Fintech) companies and the range of innovative products and approaches they are offering. The Advocacy team recently launched a survey looking at Fintech companies. It was developed in collaboration with the Fintech industry and looks at good governance and transparency surrounding new financial technologies. The analysis of results will follow in the next quarter.

Survey open:
23 June 2017 -
20 July 2017



FEDERAL BUDGET 18

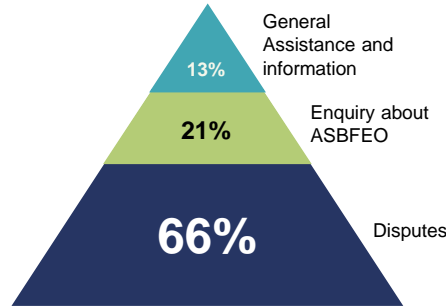
Members of the Advocacy team participated in the Budget lockup. Our Budget scorecard and analysis of the Federal Budget can be found at:

http://www.asbfeo.gov.au/sites/default/files/documents/A_SBFEO%20budget%20scorecard.pdf

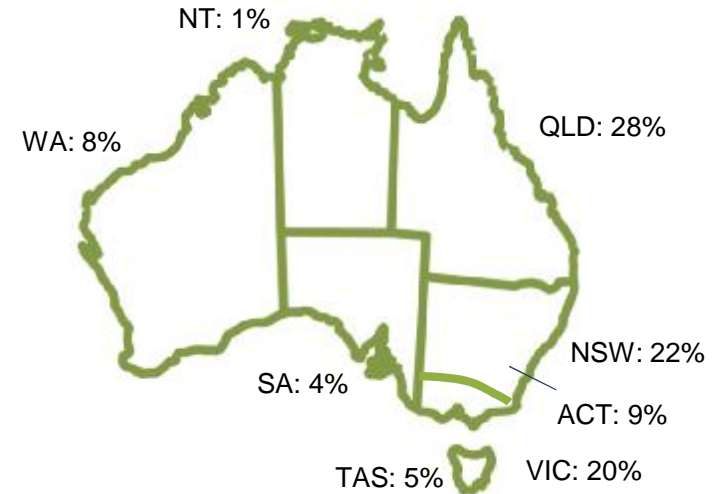
Assistance : calls for help to settle disputes are increasing

Disputes continue to dominate contacts to the Ombudsman

During the reporting period, the Ombudsman received 727 contacts via phone, email and web inquiry (this is in addition to the contacts made directly to the Advocacy function concerning that function).



NSW, Queensland and Victoria represent the vast majority (approximately 70%) of contacts



15% increase in contacts quarter on quarter.

Business to business disputes continue as the majority of disputes referred to the Ombudsman

In the reporting period, the Ombudsman received 483 contacts requesting help with resolving disputes. This represents a 9 per cent increase on the previous reporting period.

Of these requests, the vast majority (444) of requests related to business to business disputes. Business to Commonwealth government represented the next highest category of disputes by type (20 requests).

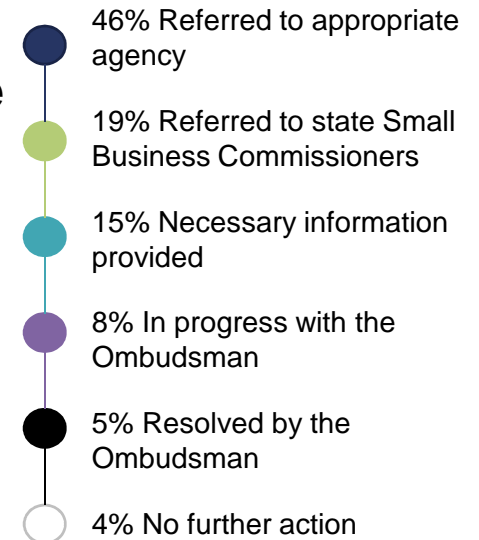
Small business owners and individuals constitute the bulk of contact with the Ombudsman

Of the 727 contacts to the Ombudsman in this reporting period, over half (389) were from small businesses themselves. The majority of the remaining contacts identified as 'individuals', though it is thought that many of these were in fact sole traders and hence representing small businesses as well. These trends are consistent with the previous reporting period.

Small Business	52%
Individuals	28%
Large Business	6%
Government	3%
Industry Assoc.	>1%
Media	1%
Other	10%

Referrals to the most appropriate agency are the major resolution method for matters

17 matters were referred to mediation during the quarter.



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Other Useful Contacts**NSW Small Business Commissioner**

T 1300 795 534
E we.assist@smallbusiness.nsw.gov.au

SA Small Business Commissioner

T 1800 072 722
E sasbc@sa.gov.au

VIC Small Business Commissioner

T 138 722
E enquiries@vsbc.vic.gov.au

WA Small Business Commissioner

T 131 249
E info@smallbusiness.wa.gov.au

Australian Competition and Consumer Commission

T 1300 302 021
W www.accc.gov.au

Fair Work Ombudsman

T 1300 799 675
W www.fairwork.gov.au

Australian Securities and Investment Commission

T 1300 300 630
W www.asic.gov.au

Australian Taxation Office

T 13 72 26
W www.ato.gov.au