

Office of the Australian Small Business and Family Enterprise Ombudsman

ASBFEO Ms Kate Carnell AO

'Digitise or die'

7 September 2016



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Australian
Small Business and
Family Enterprise
Ombudsman



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Open for Business

Scope of ASBFEO:

- Fewer than 100 employees; or
- Revenue of \$5 million or less.

- A small business operated as a family enterprise.



ADVOCATE

- Research & inquiries
- Comment on proposals
- Provide advice to the Minister



ASSIST

- Avoid litigation
- Dispute resolution
- Mediation



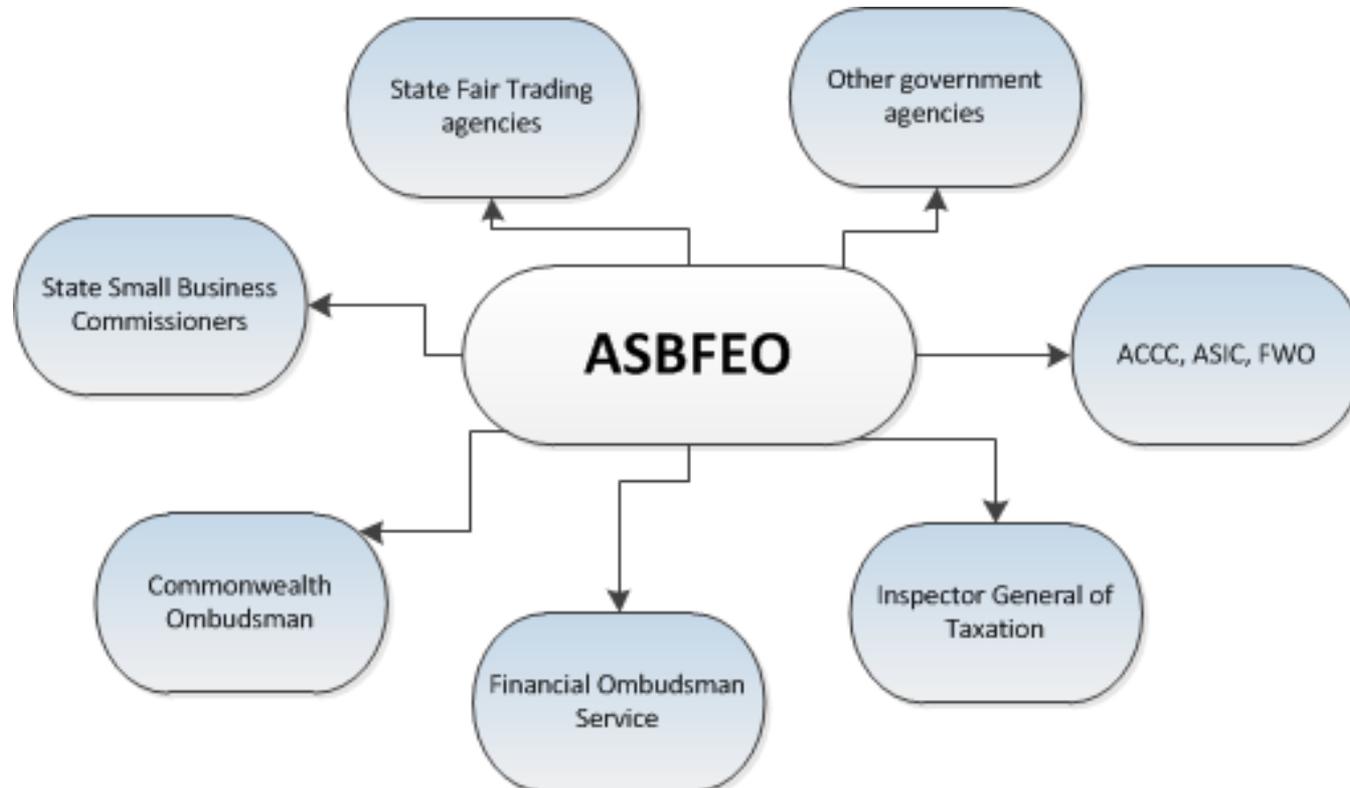
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Here to help

- The Ombudsman may refer disputes to:





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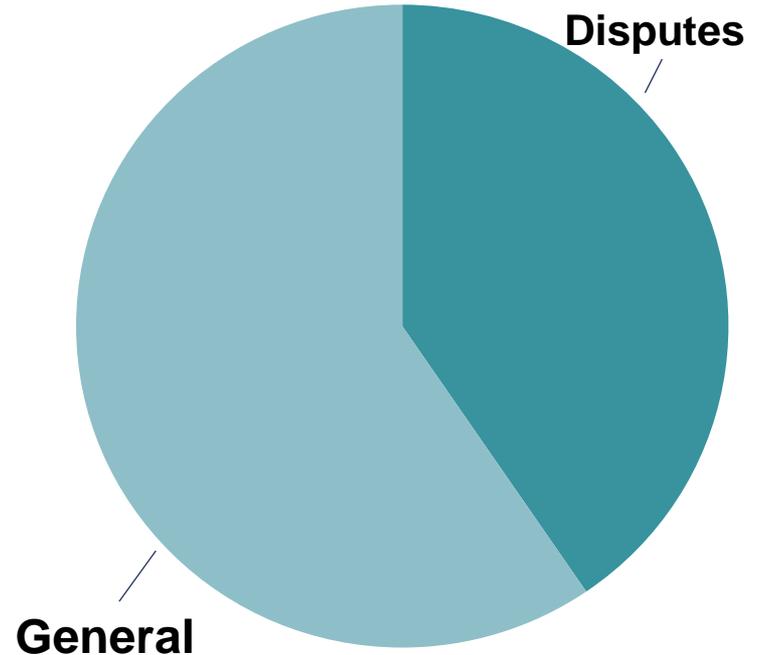


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Engaging with Small Business

The screenshot shows the thinkBIGsmallTALK website interface. At the top, there is a navigation bar with 'WELCOME' and 'IDEAS' links. Below this is a main content area with a heading 'thinkBIGsmallTALK' and a welcome message. The sidebar on the right contains several sections: 'thinkBIGsmallTALK' with a search bar and 'Submit New Idea' button; 'ALL STAGES' with 11 IDEAS; 'IDEATE' with 11 IDEAS; 'How does it work?' with a [+/-] toggle; 'Usage statistics' with 11 Ideas Posted, 15 Comments, 21 Votes, and 23 Users; 'Campaigns' with 'All Ideas' selected; and 'Global Moderators' with a [-] toggle and names Rhiannon K and Simone G.

Calls to ASBFEO Info line





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Issues for Small Business

- **Payment times & Cash flow**
- **Red Tape**
- **Taxation**
- **Banks**



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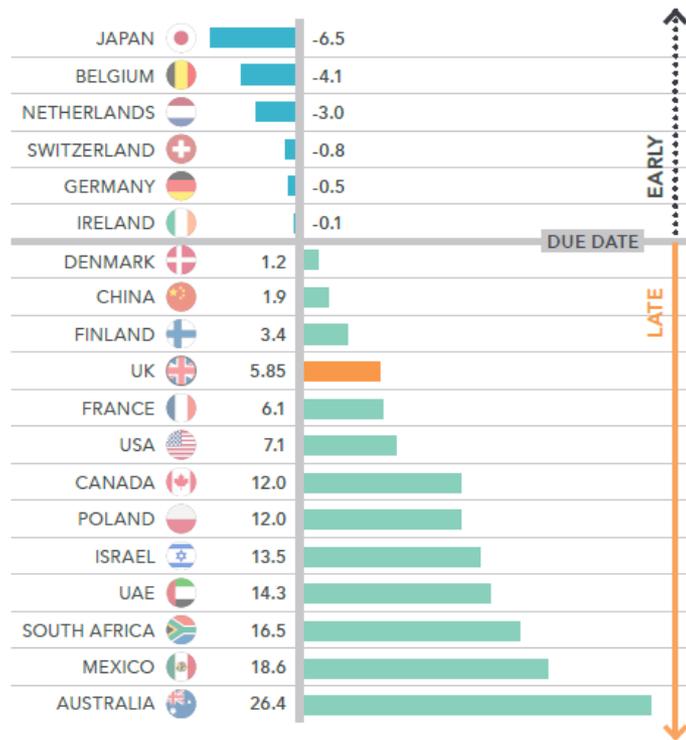


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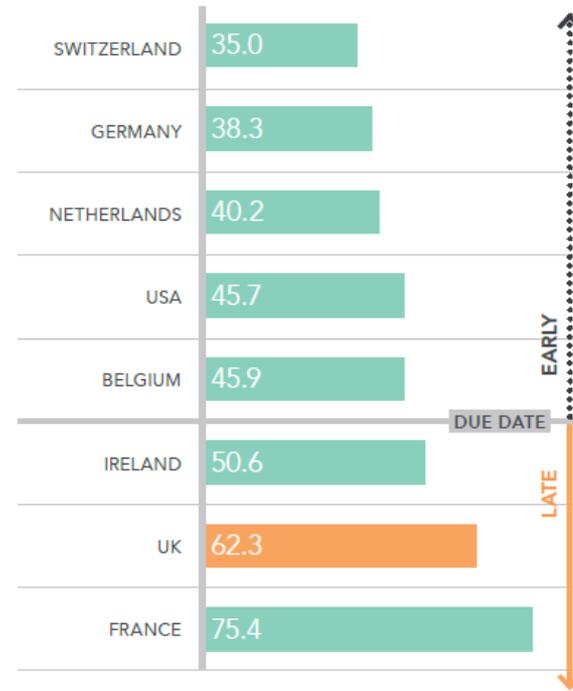
Payment times & Cash flow

INTERNATIONAL

AVERAGE PAYDAY 2015



PROPORTION OF 2015 INVOICES PAID LATE BY (%)



*Source: Market Invoice – The State of Late Payment 2016



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Red Tape



More than **1** in **4** respondents
said they spent **11** hours a week
or more on **compliance**

**ACCI 2015 National Red Tape Survey*



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Taxation

MERCURY
themercury.com.au



Bob Mundy of Mundy's Meat Supply in Geilston Bay. Picture: LUKE BOWDEN

Politics

Tight margins are making tough

ALEXANDRA HUMPHRIES, Mercury
June 28, 2016 12:00am

ROBERT Menzies was prime minister when his small butcher's shop in Geilston Bay in Mr Mundy has run Mundy's Meat Supply since family members and another butcher.

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TAX

Small businesses claim \$418 million from \$20,000 asset write-off scheme

ELOISE KEATING / Tuesday, December 15 2015



More than 99,000 small businesses have made claims under the federal government's \$20,000 instant asset write-off scheme since July 1.

Part of the small business package included in this year's federal budget, the tax break allows businesses with less than \$2 million in annual turnover to immediately claim depreciation on asset purchases up to the value of \$20,000, instead of writing off the

The Sydney Morning Herald | Small Business

Technology and a veggie patch are all flow on benefits of this year's budget to one medium sized firm.

vanenthiran

TWEET | MORE | 123 SHARES | 1 comment

claim new tax benefits

ive individuals tax breaks they splash out on little ns out, businesses aren't too different.



rguson says businesses like hers will now enjoy the lowest company tax rate of a Hromas

rior staff member and a veggie patch will be of this year's "jobs and growth" budget for one



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Banks

Big bankers' turn to feel the squeeze

Bank probe coup

PM heads off Labor's inquiry push

MILLIONS OF SMALL INVESTORS AT RISK Bank war: PM strikes at Shorten

BANKING

JENNIFER SEXTON

BIG bank bosses will return to Canberra for a grilling over mistreatment of financially distressed small businesses, with the Turnbull government yesterday announcing a new inquiry with the powers of a royal commission.

Small Business Minister Michael McCormack has directed the inquiry to determine if tougher laws are needed to protect small businesses from bank foreclosures.

Small Business Ombudsman Kate Carnell will conduct the inquiry and said yesterday she intended to compel the banks' chief executives to explain their actions in up to 23 cases of small business loan impairments.

Many cases involved farmers and other small business owners caught short when banks downgraded the value of

sections, their capacity to put their cases to the bank is often very low and they tend to get chewed up and spat out, quite frankly, in the lawyer-rich environment of a big bank," Ms Carnell said.

The inquiry springs from joint parliamentary committee hearings at which CEOs of the nation's biggest banks were grilled over a series of scandals and "alleged unconscionable conduct".

Evidence of banks' mistreatment of a number of small businesses "severely impacted by questionable banking practices" will be "forensically examined" in the inquiry, Ms Carnell said.

The Parliamentary Joint Committee raised serious concerns about how banks treat some of their small business lending customers and mad number of recommendations to address the deficiencies they identified," Mr Mc

ing cases. ratios had

Banks face grilling in bid to head off royal commission

Australia's biggest banks will be hauled before another inquiry into the financial sector as the Turnbull government attempts to head off Labor's calls for a royal commission.

The government has ordered a "forensic" examination of the banks' treatment of small business customers, instructing the Australian Small Business and Family Enterprise Ombudsman to use royal commission powers in new hearings aimed at gathering evidence of misconduct.

Following a parliamentary inquiry and calls from government MPs for tougher action, Small Business Minister Michael McCormack has asked the Ombudsman to determine what more needs to be done in response to community

NARAYAN SOMASUNDARAM
BANKING

THE Federal Government will probe bank lending to small businesses, as Prime Minister

presented in 12 weeks.

"The government has a substantial financial system agenda

concerns. The move comes after Labor and independent MP Bob Katter yesterday joined forces to renew calls for a royal commission, as a "thorough investigation of the culture and practices within the financial services industry" was needed.

Bill Shorten accused Malcolm Turnbull of running a "protection racket" for the banks and singled out Coalition MPs who had previously supported a royal commission into the sector.

"The Prime Minister and his Coalition are running a protection racket to protect the big banks of Australia from the scrutiny and accountability that Australians want to give them," the Opposition Leader said.

"He is putting Australian banks ahead of the Australians who use them. Or, in other words, you can take Malcolm Turnbull out of the investment bank but you cannot take the investment banker out of Malcolm Turnbull."

Australian Small Business and Family Enterprise Ombudsman Kate Carnell told *The Australian* she expected the major banks to appear in hearings, and the inquiry would use the organisation's royal commission powers.

She said while individual cases investigated in the parliamentary inquiry would also be examined through the hearings, the 12-week inquiry was focused at identifying systemic problems.

"This inquiry is very much about giving advice to the government on changes that really need to happen, and also advice to the banks ... to make the system fairer," she said.

"We will be speaking to the banks and financial institutions and the ABA (Australian Banking Association).

"The focus here very definitely is using the powers that we have got to make a real difference for small business."

SARAH MARTIN

CROWE
AND GUYAS

Turnbull has branded them a fake "populist" a latter-day Jack

his push for a bank commission, launching in federal parliament to

the links to industry that compete with the is and could win from

he came as the Oppos revealed his plan to the "business struc banking sector, fuel across the industry

swarnings that regulators would pay the take-up.

picture of increased after investors face from their direct

reholdings in the banks.

0,000 Australian investors in the Bank alone, with 76 per cent of funds. The aver

iker will receive this year.

er, which has tion members,

had a \$92 billion investment portfolio at the end of the 2015 financial year, of which one-quarter was invested in Commonwealth Bank, Westpac, National Australia Bank and ANZ Bank. AustralianSaper's deputy chairman is ACTU secretary Dave Oliver and several other former or serving union officials are directors.

As the Turnbull government announced that Australian Small Business and Family Enterprise Ombudsman Kate Carnell would have "royal commission powers" to probe unconscionable conduct by the banks, the head of the financial system inquiry, David Murray, warned that an encroachment of politics into banking could "seriously put at risk the returns that investors rely on".

"The calls for a royal commission without either of the two prerequisites: specific allegations of endemic law-breaking, or a crisis in the financial system causing serious personal and economic hardship," Mr Murray said.

"No one is able to say what the agenda is here and that's dangerous because it can lead to hidden agendas that go to deep philo-

sophical differences, like whether the private sector be involved in banking."

The government assault on the first full day of the new parliament was undermined by an embarrassing blunder in its attempt to

pressure Labor over \$6bn in budget savings, with Treasury confirming a basic maths error in adding up the spending cuts.

On a day when the government introduced 15 bills with a focus on economic and budget reform, the banking royal commission became the focus of hostilities after Mr Shorten tried to get parliament to set up the inquiry. Although Labor lost the

vote, its tactics sharpened the fight over the royal commission while the government announced its alternative to the inquiry, an investigation by Ms Carnell into cases of alleged unconscionable conduct by the banks.

The Prime Minister dismissed Mr Shorten as a populist who had "no interest whatsoever" in the challenges facing ordinary Australians. He suggested the Labor leader was beholden to the unions

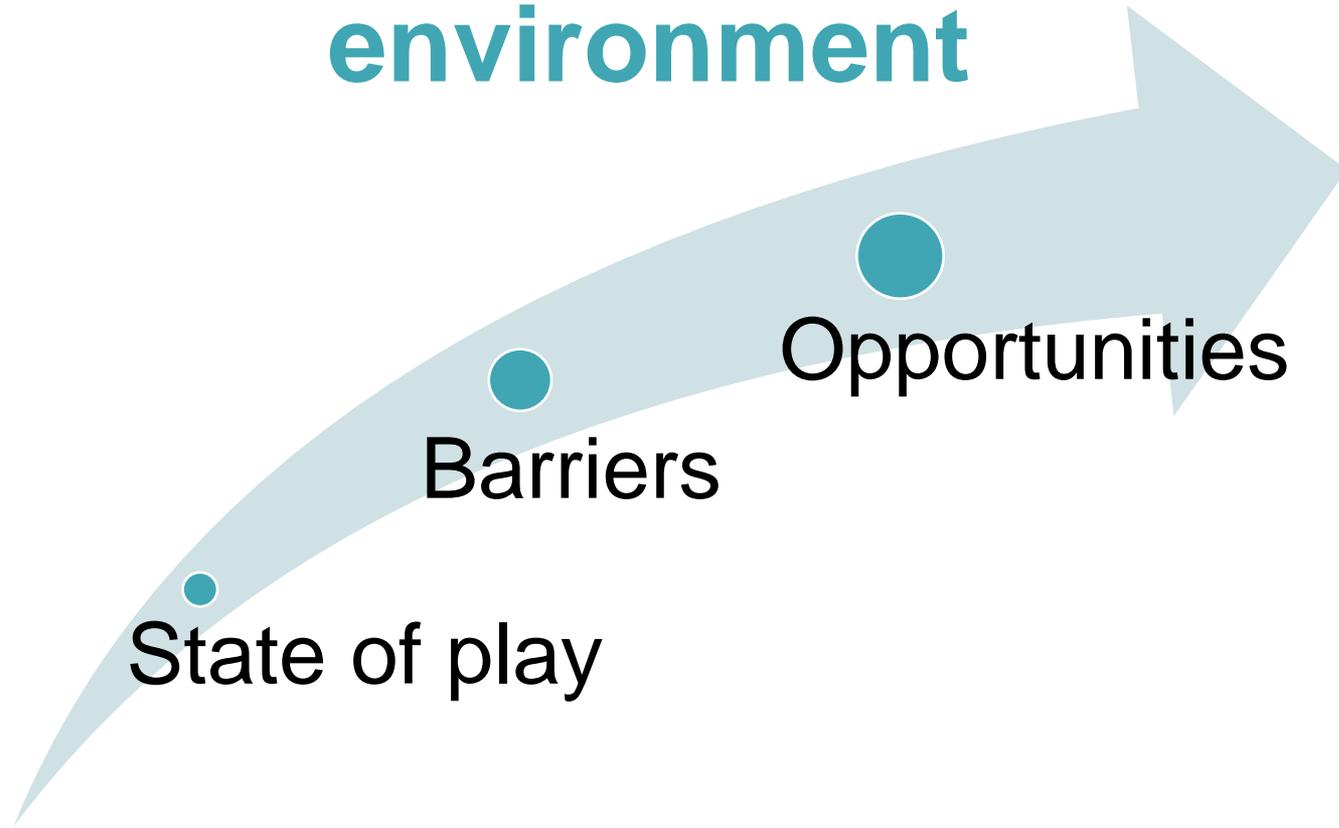


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Small business in the digital environment





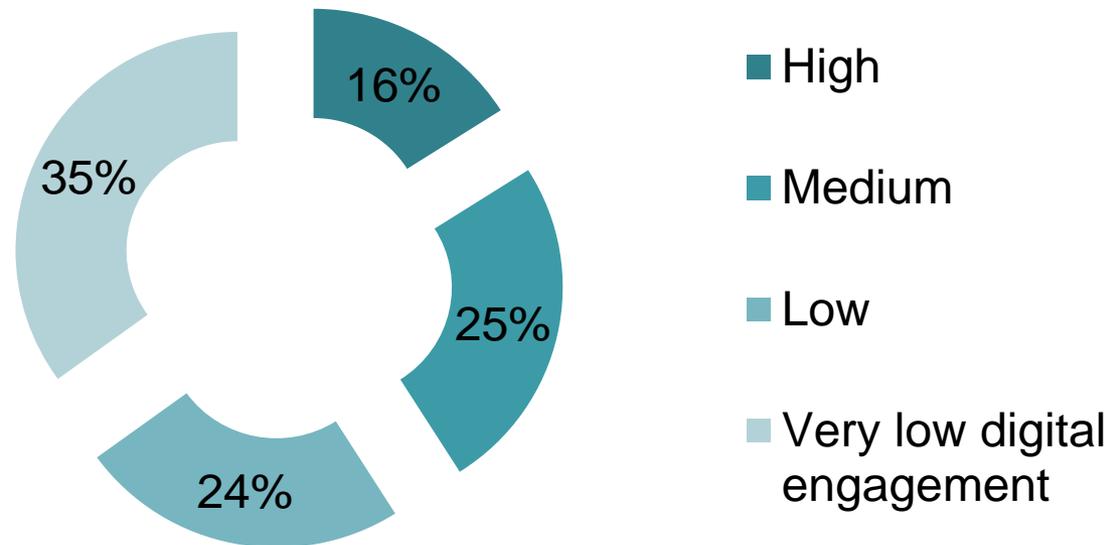
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State of play

Digital Engagement of Australian Small Businesses



**Deloitte Access Economics – ‘Connected Small Businesses’*



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Barriers



Cost



Too hard



Not
interested



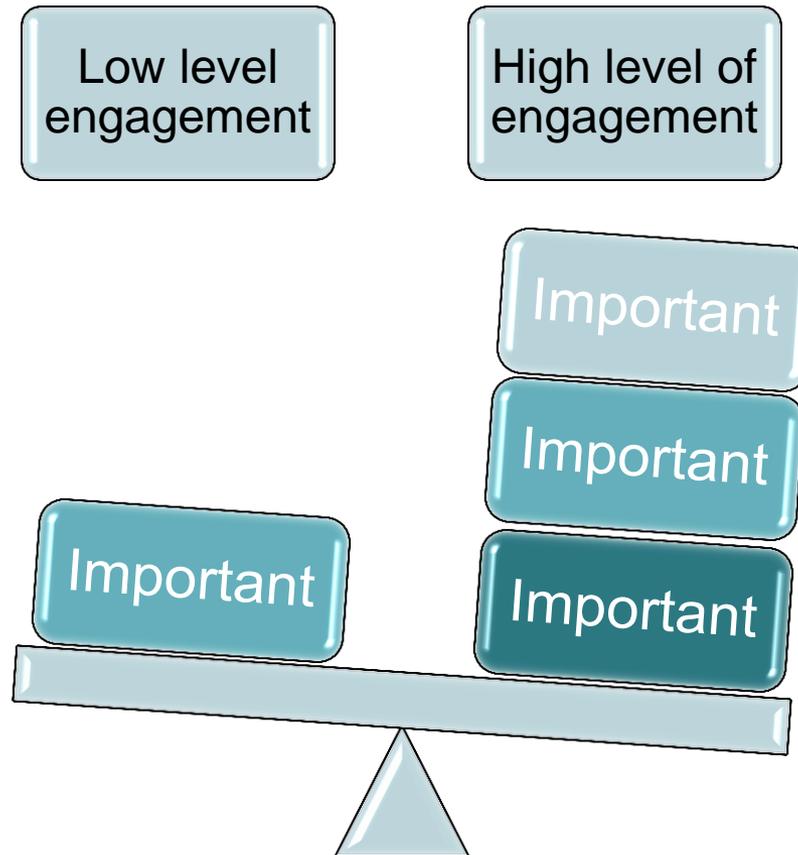


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Barriers





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Overcoming barriers

1/4

Plan to build a
website in the
next 12 months

56%

Plan to increase
their online
marketing budget



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Overcoming barriers





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Opportunities

Increase customer base



Streamlining operations



Revenue boost



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Opportunities

\$350,000

increase in annual
revenue thanks to
high digital
engagement

x2

More likely to be
growing revenue

**Deloitte Access Economics – ‘Connected Small Businesses’*



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Opportunities

**\$49.2
billion**
of untapped
economic
potential

53%
of this benefit could
be realised in rural
and regional Australia

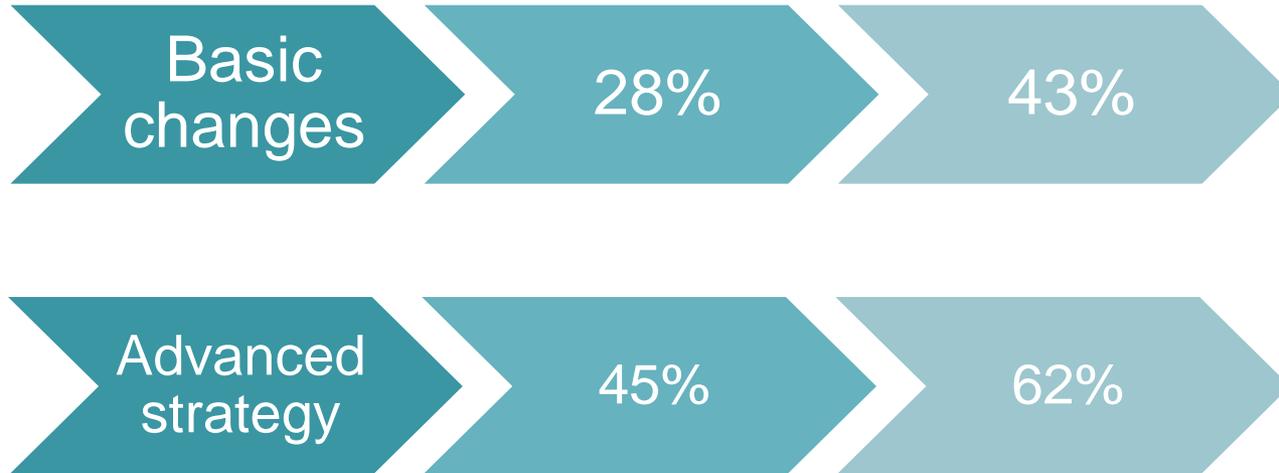


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Conclusion



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