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Day 1, Wednesday 14th September

3:30-3:40pm: Connecting Small Business and Family Enterprises

3:40-3:50pm: Q+A with Kate Carnell

JULIE McCROSSIN: Ladies and gentlemen, if you could take your seats, I'd like to begin our final session. Shhh. If people up the back could just take your seats, please. And I really want to thank you for staying for our final session today. Not only is it going to be intellectually stimulating, but we have had a fairly long day with a lot going on, and so I'm grateful for your fortitude. Now, if you could get your numbers out, I'm going to pull my lucky-door prize and I'm afraid you only win if you're seated. Otherwise it's re-draw. It is a strict rule but I'm sticking with it. Purple C1. Has anyone got number one? You have, sir! Congratulations! And if I could thank ACCAN for providing seriously marvellous lucky-door prizes, you know, these with excellent.

(APPLAUSE)

I'm prepared to trust him. He looks trustworthy. Don't be afraid, I'm sure that you will find that no-one else is crying out that they've got one. So, ladies and gentlemen, I will give it to him and trust him. Thank you.

(APPLAUSE)

Well, our first speaker in our final session this afternoon is Kate Carnell, who is currently the Small Business and Family Enterprise Ombudsman, she is going to talk about the challenges of connecting to small business and to family enterprises. So please make her welcome with a round of applause.

(APPLAUSE)

KATE CARNELL: And there you go – we've even got a presentation up! Incredibly well organised. Can I say, it's an absolute pleasure to be asked to come and have a chat to you today. I'm going to just speak to you a little bit about what this horrible acronym – I understand you might have been talking about nasty acronyms in all industries, but in terms of a name, the Australian Small Business and Family Enterprise Ombudsman – ASBFEO – is probably about as bad as it gets, I have to say! Now, unfortunately, the legislation that sets us up is called that, so it's really hard to change it. But I thought I might just change it anyway! But then we would have to work out what it was going to be and – anyway, therein lies the problem. The legislation that set us up went to parliament midway through last year, came into law last September, the office was set up in March. Why was it set up? I suppose the reason was that the then-small business Minister, Bruce Billson, believed very strongly, that there was an important – it was important there was a voice for small business inside the Federal Government, so that small business was heard in new legislation regulation policy. Because the issues surrounding small businesses are so important for the future of our economy. Now, all sides of politics tell us that small business is the engine room of our economy, and that's very true. Let's just have a quick – just a moment, I'll just see if that works – there we go. Now, that's more than 2 million small businesses nationwide. That's where they all are, as you can see – right around Australia. Now, that's businesses that turn over less than \$2 million a year. Now, if you put that up to \$10 million, you end up at about 3.4 million businesses. Now, when you think about that, most businesses have – - well, obviously, at least one employee, and that includes often a family, a couple of employees, so the number of people in Australia that are affected by small business is huge. In fact, in those 2 million businesses, there is just under 5 million employees. If you look at under 10

million turnover, and the 3.2 million businesses in that space, you're pushing 7 million employees. So that's an awful lot of Australians who are either involved or own small businesses. So in many ways, you know, we have to look at small business as having a lot in common with consumers. Of those 2 million businesses, 1 million of them have one person. So they don't employ. They might have two people, because they're regularly a partnership, often two women, often a partnership – you know, mum and dad, husband and wife, all sorts of different partnerships that exist have decided to go out on their own. There's carpenters, there's people in the building industry, there's IT consultants, there's all sorts of people in this space. So Bruce Billson believed really strongly that small business had more in common with consumers than it did with big business. So these businesses have more in common with consumers than they had with BHP. Well, that's a big surprise, isn't it really?! But it is really interesting that in Australia we have a tendency to think about business as, you know, a homogenous group of people and they're fairly obviously not. BHP are fundamentally different from the IT consultant who has set up his or her own consultancy on their own or with maybe one or two other people. So Bruce believed that it was really important to have, ASBFEO, the Australian Small Business and Family Enterprise Ombudsman, to set up and represent businesses with less than 100 employees – which is really high. That means 97.5% of businesses in Australia fall into our space. Our job is to advocate and to assist. So we advocate, research inquiries, comment on government proposals, input into new regulations and legislation and, interestingly, the legislation requires me to provide advice to the Minister for Small Business and other ministers as needed on small business issues. The assist function is more the traditional ombudsman function. So that's where we handle complaints, issues generally, and as we put it, our job is to keep small business out of the court system. Because one of the things we know is that the court system, whether it's consumers or small business, are a disaster. They chew up and spit out small businesses – they simply take too long, courts take too long, and they're too expensive. So we do those things and I'm going to through this quickly – one of the really good things in our legislation is that it says that we're not allowed to duplicate. Wouldn't it be good if all pieces of legislation in Australia stopped different levels of government duplicating each other? Or different entities duplicating what other people do. If that was the case, we'd have a lots more efficient operation. But it means that when complaints and issues come to us, we send them to entities that are most appropriate. People like the ACCC, ASIC, Fair Work Commission, other commissioners, other government agencies, the telecommunications ombudsman – you know, all of those sorts of entities. I'm going to just run through a few things. We did a big consultation after I took over to determine what mattered to small business in Australia. These were the things that they came up with. Payment times – that is big business and governments not paying small business quickly enough, and that is we're seeing more and more big businesses paying in 120 days plus. Now, no small business can operate that way. It messes up cash flow and I could give you a whole speech on the impact, the fact that 90% of small businesses in Australia that go to the wall, it's based upon cash flow. Not necessarily that they've got a bad business but that their customers don't pay them at the same sort of rate as they have to pay their landlords, their employees and their suppliers. Red tape generally, again, you know, we all know about that. Banks – big issue. And telco issues. So telco issues were right up at the top of issues that small businesses raised with us. This is an interesting graph – this shows payment times in Australia. You see Australia right at the bottom is the worst of this whole group, this whole survey of 300,000 invoices across the world. Japan is the best and we are the worst, which shows just what a problem payment times are for small businesses generally. Now, I wanted to just zip through a few of these issues – red tap – that's what's happening. Have a look at the graph there. That's pages of legislation in Australia since 1901. We just get worse, so it's getting more complex to operate in Australia. I want to talk to you about telcos, because that is the issue here today. There we go. So what are the issues that they brought up with us? Lots of small businesses – slow speeds, wireless problems, mobile black spots, high prices, contracts that don't make sense, and, of course, as you would know, the unfair contract legislation comes into place in November this year, which will mean that, take it or leave it contracts where one party can change the rules unilaterally without the agreement of another party, those clauses will become illegal. Plus a whole range of other clauses. So for those of you who are right up to speed on the unfair contract legislation, which of course has existed for consumers for a long time, it's about to exist for small businesses as well. For businesses with under 100 employees. So why does this matter? Why does it matter that telco issues are a problem for small businesses in Australia? Well, it matters because small businesses that are digitally engaged are more efficient. They're twice as likely to be growing. On average, they have an income that is \$350,000 a year more than those businesses who are not digitally engaged. They are four times as likely to be employing more staff. Of those businesses that are digitally engaged, 83% of them believe that they will be growing in the next twelve months whereas those that aren't digitally engaged, it's only 46%. Only 28% of businesses with low digital engagement are growing at all. Now, if I come back to my initial comment that, if we are going to get Australia growing, our economy growing, we've got to get the small business sector growing – . It means unless we can nail the digital engagement of small

business – get them on to the internet, get them digitally engaged – we can't get the economy moving. So it is that is important. And there are some serious gaps – particularly in terms of knowledge, small businesses still think it is expensive, they think they can't understand it, and they don't know what's in it for them – all of which are simple answers to not-so-simple questions. I'm really happy to take questions on this, but I wanted to leave you with the view that my office is there to help, both with policy, but also with complaints and those sorts of issues. So please use us in the federal arena, but let's have a chat about how we get more of those small businesses digitally engaged, because that will deliver jobs. Thank you.

(APPLAUSE)

JULIE McCROSSIN: Thank you very much, Kate. So I'll open to the floor, if I may, for questions or comments. I suppose what struck me is the extraordinary number of...

KATE CARNELL: It's alright, I will go...

JULIE McCROSSIN: I will just give you one. If you just turn it on, thank you. It just struck me what an extraordinary number of people are employed by small business and so this really does matter for jobs. So questions or comments? Thank you.

>> Hi, I'm from the ACCC. I had a question in relation to small businesses and migration to the nbn. I wanted to know more about their awareness and any problems they're having in migrating and also positive stories, if there are, as well.

KATE CARNELL: I think there is huge expectation in small businesses for the nbn. Knowledge – a little bit low. I'll give you a good example. I will at a business round table in Bundaberg about four weeks ago. Now, Bundaberg has been switched on to the nbn and, you know, here's what can happen, because small business desperately want nbn. So nbn switched on, which means, of course, ADSL services can no longer be switched on. So I had a couple of people at this round table, who were opening new businesses in Bundaberg. They were very excited they were going to be able to open with nbn – except that the waiting list for business turn ones in Bundaberg was really long and the major telcos, of course, who are the selling agents, had decided to put in a stop-sell order. Now, what that meant for the small businesses involved is that they couldn't get anything – because you can't get ADSL once nbn is on and they couldn't get – so some of the dilemmas are, on a positive note, they're really looking forward to it, because, you know, those businesses who know about the importance of digital engagement want the nbn, especially in areas where coverage is not as great as it could be, and some areas around Bundaberg are in that space. One of the guys who was talking to me was opening a factory, or had just opened a new factory on the wharfs down in Bundaberg, down on the coast and the dilemma was still mobile coverage wasn't that great and he had no fixed line because mummy couldn't get on. So he had staff members hanging out windows with dongles trying to – you know. So positive note is, yes, really keen for those that know about it. Problems with time-lines. You know, in business, you can't afford to not have the internet for four weeks. Or for four days. So I think we've got to focus on the issues around, if you are running your business and you are hugely digitally engaged, that means you've got to be engaged all the time. It's like running a business without a phone – pretty hard.

JULIE McCROSSIN: We have a question here.

>> Laurie Patton from Internet Australia. Can you do everyone in this room a favour and have a chat to Mitch Fifield and tell him these sorts of things?

KATE CARNELL: I do all the time, poor Mitch!

>> I will come with you and tell him again because they've passed a million homes but only signed up a million homes and they have all sorts of reasons for explaining that but that doesn't help and what we have been finding is examples of people who have moved from their ADSL 2 to their nbn and their speeds have been slower and yet Bill Morrow and Mitch Fifield keep telling us everything is fine.

JULIE McCROSSIN: Who is Bill Morrow?

>> He runs nbn.

KATE CARNELL: It is a really good point and, again, from my perspective in the small business space, you know, again, connectivity, your internet connection, your phone connection, your mobile connection, and so on, now is so fundamental to the way you operate your business that it's not a nice little add-on. It's fundamental. So we just can't have that sort of – those sort of things happening. We can't end up with the Bundaberg problem where, you know, the queues are too long and therefore we can't connect anybody. I have to say, on that particular circumstance, the Bundaberg scenario, it took us a while to convince anybody that this was really a problem. But in the end we did and I think Telstra and others have got rid of their stop-sell order. But for all of that, still really long time-lines between, you know, for connection and if nbn is on, there's not the option of something else, is there really? Anyway, sorry, I just – but you are absolutely right and we've got to make sure that the people with, shall we say, the power, or in that space, really get that these things matter. To businesses.

JULIE McCROSSIN: We'll just have our last question here. If you can boost this level up a little bit for me.

>> Hello, Kate. Good presentation, I'm here from Hear For You and we're a very small charity business, there is only one employee and four part-timers around the country so we rely a lot on internet, et cetera. One of the things I've just discovered is digital platforms is one of the major challenges because we're starting with documents and information from government and other businesses, and they're not compatible with the platforms we have, and I understand this morning some people have XP on their computers. There are a lot of family small businesses out there with digital platforms – what advice are you going to give governments to make sure people on those platforms are able to keep up?

KATE CARNELL: I think that's really important but you know what has got to happen? Small business has to tell us first. My office isn't that big – I have 15 people and we cover a whole range of different areas. And so we rely really heavily on small businesses like yours – it is a charity, but you are a business – or we see you as in the not-for-profit space as businesses. So we need input. Then we spend a lot of time talking to the ACCC – the ACCC has a really great small business area with a small business commissioner, and so on, and with the telecommunications ombudsman, with the minister, and so on. So we're in this good position of being able to link between the various people who have some power in this space. But we can't do it unless you tell us what the problem is. I've put all of our details up there and I'll leave some cards, as well. Please let us know the actual problem. I think some of the issues of updating current software are very real, particularly in the charity sector, and it's something that I think is a sensible thing for the government to look at seriously.

JULIE McCROSSIN: Look, Kate, that's the end of our session but would you please give Kate Carnell a warm round of applause?

(APPLAUSE)

And just before I go on to our next session I would like Robyn to come down the front and I think Christian is going to put something up on the screen and we're just moving now into fun because I do believe fun is critical to human survival. Now, you remember the issue of dogs and smart cities? And we had some information about the capacity of the digital revolution to allow us to keep in touch with our dogs. I would like to introduce Robyn who invented something and we only have time for two quick slides. What is this?

>> It is a little divides I invented back in 2003 to feed my Vice-President of security, until my accountant said you can't really claim a dog as Vice-President of security! So it was triggered by a mobile phone from anywhere in the world over the internet and it would dump its payload, on to the floor, sound a buzzer and the dog would come gratefully and you could see that he was OK.

JULIE McCROSSIN: If we could just go to the next slide? What does this tell us?

>> It's all the places that my dog was fed from! So probably it's the only thing I will be famous for when I'm gone is having the world's most globally fed dog.

JULIE McCROSSIN: Is that great or what?

(APPLAUSE)