Dear Communications Alliance,

Re: Draft Telecommunications Consumer Protections Code - definition of Consumer (small business)

COSBOA submits that the definition of ‘Consumer’ in the draft Code is outdated and inadequate for the needs of today’s small business consumers.

The current definition of Consumer encompasses businesses that ‘have an annual spend with the Supplier which is... no greater than $20,000.’ Many small businesses operating in today’s current market environment would easily spend more than $20,000 on telecommunications given the reliance on and frequency of use of such services. Research conducted by ACCAN in 2013 revealed that 92% of small business respondents used 3-5 distinct telecommunications service types (such as internet, voice services, mobile and EFTPOS). These figures are likely to be even higher today.

COSBOA attended the ACCAN Small Business Advisory Forum in April this year at which all stakeholders unanimously agreed that the current definition does not accurately represent the needs of small businesses and therefore means many are not protected by the TCP Code.

At a minimum, the definition’s spend limit should be matched to that set in the Australian Consumer Law. This is currently set at $40,000. But we believe there will be instances, when usage of all the devices and communication activities is considered, that the limit should be $60,000.

As background, we recently had the definition of a small business for tax purposes increased from a turnover of two million dollars to ten million dollars. That change was necessary given that businesses these days could work in markets with very low margins (eg petrol outlets such as service stations) and/or with high overheads (eg small transport companies). So, a business could have a high turnover but still only employ a small number of people and basically be a ‘mum and dad’ business that is resource and time poor. Businesses with long distance transport, high download and upload activity and reliance on communications for day to day business activities can have high costs that should be considered. Businesses that deal internationally on import/export activities, the movement of high resolution files and the need for high speed internet can have very high costs even though they have low staff numbers.

We understand that defining a small business based on turnover would add complexity to the system and we believe that the annual spend makes more sense. That limit must increase from the current amount of $20,000 to at least $60,000.

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