

## Consultation Regulation Impact Statement on Unfair Contract Terms

Thank you for the opportunity to respond to this issue. I write on behalf of our network of business advisory centre members located across Australia. Our network has regular contact with over 150 000 small business owners and intenders. We are a trusted local resource for information and advice.

Our member centres have identified the following issues of concern which I have been asked to bring to your attention;

- Large organisations should not be able to effect contract renewals with small businesses by telephone or verbally unless there is an annual physical or electronic documentation process.
- No contracts of more than one year's duration unless the issuing company can reasonably demonstrate sizeable investment by that company to justify a contract of more than one year. This would relate to telecommunications and power companies that try to sign small businesses up for over 1 year.
- Large companies seeking loss of profits for early termination of contracts need to demonstrate and justify their loss.
- Termination for Convenience clauses favoured by various levels of government have the potential to withhold funding or recover funds from smaller organisations if government policy changes. This can be devastating to small organisations who have done nothing wrong and may have invested heavily in a project.
- Larger organisations entering into an exclusive arrangement with another larger organisation that has the impact of excluding a small business or limiting their ability to compete.
- Payment Terms from large businesses and government agencies that can be 90 plus days for small business contractors. This can severely damage small businesses' cashflow.

Yours sincerely



Mike Hawkins  
Executive Officer  
BEC Australia