



Australian Government



Australian
Small Business and
Family Enterprise
Ombudsman

QUARTERLY REPORT

1 January to 31 March 2026

Ombudsman's message



I join Australian Small Business and Family Enterprise Ombudsman (ASBFEO) at a time Australia's small businesses and family enterprise are dealing with a challenging trading environment.

In my first Quarterly Report as Ombudsman, I acknowledge Australia's small business and family enterprises that contribute significantly to the economy and our local communities. This report reflects both the conditions they continue to face and their resilience as global events add significant pressures on business operations.

During Q1, 2026, the Government announced additional funding for the NewAccess for Small Business program and Small Business Debt Helpline. This was welcome news for dedicated programs that support small operators with mental health, wellbeing and financial counselling. Our call centre data continues to show businesses engaging at earlier stages of financial distress, with early engagement maximising the options available to small businesses to continue to operate.

Throughout Q1, 2026, our team assisted small businesses with direct enquiries for help and guidance and through the management of cases of disputes. While disputes involving digital platforms continued to be prevalent, we saw a slight decrease compared to Q4, 2025. The launch of the Fast Small Business Payer List was welcome, as we are also focused on encouraging larger businesses to pay their small suppliers in a timely way. The Ombudsman is receiving more calls for help with franchising disputes and continues to see requests for assistance with payment disputes, which slightly increased in Q1, 2026.

Notably, Q1, 2026, has been marked by significant disruptions to the economic and geopolitical environment.

We continued to advocate for small businesses with policymakers and regulators through formal submissions, ongoing engagement, and reporting to Government. We emphasised a proportionate, risk-based approach for small business regulation that reflects their capacity constraints and operating realities. In Q1, 2026, we saw increasing issues with insurance accessibility and affordability for small business which we reflected in our advocacy representations. We also called for competition reforms and improvements to the small business operating environment and continued our work in assessing the impact of 'white tape' on smaller businesses.

Our communication and engagement activities have focused on preparing small businesses for upcoming regulatory requirements including Payday Super and Anti-Money Laundering/Counter-Terrorism Financing reforms, and sharing helpful guides and resources available.

At the end of Q1, 2026, the Reserve Bank of Australia's Review of Merchant Card Payment Costs and Surcharging Conclusions Paper were released with the announcement that surcharge bans, intended to reduce costs and improve transparency, will take effect from 1 October 2026.

I am deeply committed to my role as Ombudsman. As I settle into the role, my focus is on listening and understanding, and ensuring my office continues to be a trusted and independent voice for small business and family enterprises across Australia, and a source for assistance, practical support and guidance. We are here to serve.

Lynda McAlary-Smith
Australian Small Business and Family Enterprise
Ombudsman

Key activities

Assistance

- We were contacted for information and assistance 2,269 times. We helped small businesses with a variety of issues ranging from payments, franchising, contracts, and digital platform accounts. We continue to engage with digital platforms on improving their internal dispute resolution processes to encourage better and faster access to customer service representatives who can provide a timely and transparent response to requests for help.
- We extended the deeds of standing offer with our panel of legal practitioners who can provide subsidised legal support to small businesses referred to them by us. We may offer access to legal advice to eligible small businesses in dispute with another business or government agency for a \$100 co-payment. The extension of the deeds will allow us to continue to offer the service as a pilot until August 2026.
- We published guidance on building and maintaining constructive business relationships, recognising this can help create a business environment that supports resilience and long-term success. The guidance encourages clear communication, good faith engagement, and early action when there are problems.

Advocacy

We continued an active program of advocacy, calling for:

- proportionate and risk-based regulation that reflects the capacity constraints and operating realities of small businesses, which account for 97% of Australian businesses. This includes undertaking small business impact assessments of regulatory proposals and providing clear guidance and practical assistance to support regulatory compliance.
- improved insurance accessibility and affordability for small business by addressing cost, access, and compulsory coverage issues, while improving transparency and competition without adding to the compliance burden.
- improvements to the small business operating environment, reduced business-to-business regulatory burden ('white tape'), accessible digital platform dispute resolution, and stronger enforcement against illicit tobacco.

Engagement

- We developed, published and promoted resources to support healthy business relationships and dispute resolution, and commenced updating existing materials in collaboration with the Australian Taxation Office (ATO), Australian Securities Investments Commission, Australian Competition and Consumer Commission (ACCC), Australian Financial Security Authority, Australian Financial Complaints Authority, and Fair Work Ombudsman.
- We continued to grow our social media presence, achieving increases in followers, engagement, impressions and reach across all channels, exceeding government and industry benchmarks.
- Published 2 newsletters, chaired the inaugural 2026 National Small Business Communications and Media Network meeting, and engaged with 3 Top End Regional Small Business Network meetings to outline our forward work program.
- We took part in the Brisbane Franchising and Start Your Own Business expo where we combined with the ATO, ACCC and IP Australia to provide direct advice to existing and aspiring small business operators.
- A key focus was improving website accessibility through content consolidation and updates to ensure compliance with Website Compliance and Accessibility Guidelines 2.2 and the Digital Service Standard so that more Australians can more easily access the content on our website.
- We delivered 5 presentations and participated in 10 webinars, forums, and roundtables.

Assistance

Feedback on our low-cost legal advice service

In March 2025, we launched a low-cost legal advice service pilot providing eligible small businesses with access to independent legal advice for a \$100 co-payment. The remainder of the lawyer's fees are subsidised by us.

The service may be offered at 2 stages:

- Stage 1 (Preliminary advice) to help the small business to identify and clarify the issues in dispute with other business or government department and consider if alternative dispute resolution (ADR) may be appropriate.
- Stage 2 (One hour pre-ADR advice) to support preparation for ADR by clarifying what to expect, assisting with documentation, identifying desired outcomes, and fostering a constructive negotiation and resolution mindset.

In Q1, 2026, feedback was collected from both the legal practitioners and participating small businesses. The pilot has been well received by unrepresented small businesses that value affordable access to an experienced lawyer to help them understand their dispute and options. One participant noted:

“My experience was that the ASBFEO provided a really great service and someone to talk things through. The lady that I was referred to for low-cost legal advice was very good and easy to understand.”

The pilot is due to conclude in August 2026. Work is underway to consider enhancements for the full roll out, including more streamlined referral processes.

Informed assessment of franchise opportunities

In Q4, 2025, we published best-practice guidance for the franchise sector, including tips on supporting prospective franchisees to carefully assess franchise opportunities, emphasising the importance of thorough due diligence.

In Q1, 2026, a small business owner who recently exited a franchise following an extended dispute shared the significant financial and personal losses he and his family suffered after purchasing a franchised recreation business.

While the owner obtained independent legal and accounting advice, they reflected that speaking with former franchisees and previous owners, rather than relying solely on information provided during the

recruitment and purchase process, would have provided valuable additional insight at no cost.

The business was acquired based on trading figures with projected annual revenue of more than \$600,000. In practice, the ongoing annual revenue was closer to \$450,000. The franchisee later formed the view that the uplift in sales prior to purchase may have resulted from discount promotions and changes in how online sales were recorded, rather than sustainable customer demand.

They encouraged prospective franchisees to undertake comprehensive due diligence and independently contact current or former franchisees to understand important historical and contextual information to better inform their investment decision.

These reflections align closely with our franchise guidance, which recognises that commercial success is not guaranteed and informed decision-making is critical. We will continue to promote support and guidance available across the franchise lifecycle.

Guidance materials are available on our [website](#).

Quarterly statistics: signals from small business dispute activity and engagement

Demand for our assistance has remained elevated over recent quarters, although it declined in Q1, 2026 compared to Q4, 2025. This shift reflects a change in composition of disputes, with payment disputes increasing, while disputes involving digital platforms decreased in Q1, 2026. Our data provides a practical view of how small business protections and support pathways are accessed in practice across different sectors and regions.

Findings in this section reflect analysis of cases requiring dedicated case management and selected call centre interactions. It should be read as indicators of observed patterns, not measures of overall prevalence in the small business population.

Together, these insights highlight how dispute type, business context and timing of engagement shape how effectively existing small business support pathways operate in practice.

Uneven exposure to payment disputes across small business cohorts

People who spoke a language other than English at home were around twice as likely to contact us about a payment dispute as those who spoke English (58 per cent compared to 29 per cent)¹. These disputes were most common in the transport, postal and warehousing, accommodation and food services, and construction industries. These industries also have higher numbers of small business owners reporting lower self-assessed proficiency in spoken English².

This suggests that exposure to formal payment disputes is not evenly distributed across the small business community. In some sectors, language barriers are associated with differences in how payment protections are accessed in practice, particularly where bargaining power is limited.

¹ This information relates to disputes with a dedicated ASBFEO case manager. This information is drawn from business owners' responses on the ASBFEO web form. This does not include calls to the ASBFEO call centre.

² Small business owners whose self-assessed proficiency in spoken English was "not well" or "not at all" where they identified they use a language other than English at home. Based on ABS, *Census of Population and Housing, 2021*, TableBuilder.

CASE STUDY

Subsidised legal support helps franchisee take the next steps

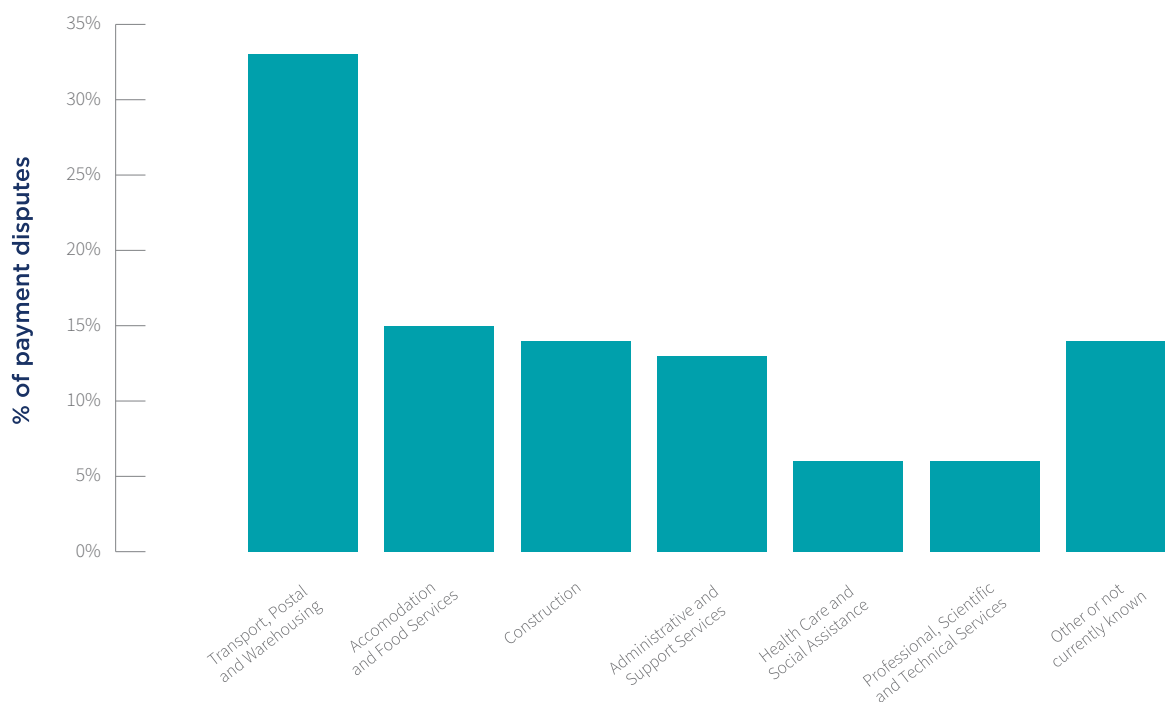
We assisted a franchisee who received a termination notice requiring them to sell their business within 60 days. The franchisee was concerned about arrangements for a potential buyer.

We referred the franchisee to one of our subsidised small business dispute lawyers to clarify the issues and potential options. Following the consultation, we provided information about the dispute resolution process under the Franchising Code of Conduct, and the franchisee lodged a Notice of Dispute with the franchisor.

Franchisees who have accessed the service have provided positive feedback, with feedback including: *"We found the process easy and user friendly. It was beneficial to learn the possible solutions we had available to us. I highly recommend that people who find themselves in this unfortunate situation as we did, use this service. We are very appreciative that we could take up this service."*

Another commented, *"I appreciate the service that I have availed at a very low cost. This provided me with the opportunity to consult a lawyer without spending heaps of money. This is a very good service for common people like us who sometimes do not have heaps of money to spend out of pocket."*

New payment disputes where the small business owner speaks a language other than English by Industry, Q1 2026



This reports on new cases with a dedicated ASBFEO case manager. Language spoken at home is reported by small business owners seeking ASBFEO's assistance. To protect confidentiality, industries with small numbers have been combined with businesses where industry is currently unknown.

The later small businesses seek help, the less options they have

In Q1, 2026, 10 companies with a dispute managed by a dedicated case manager had entered corporate insolvency by the time they sought our assistance. While this represents a small proportion of total case-managed matters for Q1, 2026, it is the highest quarterly figure observed since Q1, 2023.

The composition of these matters provides further context. Four were Tax Concierge Service (TCS) matters and a further 2 were franchising disputes, with the remaining cases spread across dispute types. Once insolvency has occurred, the capacity for dispute resolution or business stabilisation can be constrained, even where a business legitimately continues to operate. As a result, the point at which businesses engage with available support services is important for determining whether meaningful intervention remains possible. Later engagement may reflect ongoing cashflow stress, uncertainty, or challenges in navigating when and where to seek assistance.

At the same time, our call centre data continues to show a smaller but persistent cohort of businesses engaging at earlier stages of financial distress. Together, these patterns indicate that while overall volumes remain low, early engagement is increasingly central to

preserving options for small businesses, particularly in dispute contexts involving higher complexity or more constrained resolution environments.

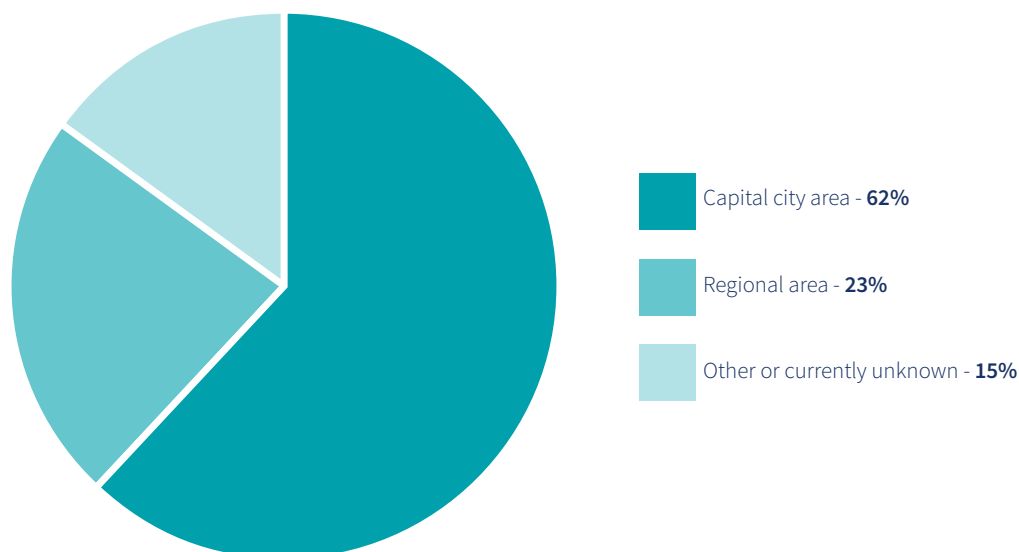
Distinct operating contexts shape disputes for regional small businesses

Regional small businesses accounted for 23% of new disputes with a dedicated case manager in Q1, 2026, an increase from 18% in Q4, 2025.

New disputes in Q1, 2026 most commonly involved the construction sector in regional areas, contrasting with capital cities where case managed disputes more frequently involved the transport, postal and warehousing industry. The median time a regional small business had been in operation when seeking our assistance was 6 years, compared with 4 years for capital city small businesses. Together, these characteristics suggest a distinct regional dispute profile.

These patterns provide context for the demand for our case management services and reinforce the importance of understanding sector-specific dispute drivers when supporting small businesses operating outside capital cities.

New disputes managed by a dedicated ASBFEO case manager, Q1 2026



This reports on new cases with a dedicated ASBFEO case manager. This information classifies business addresses using the ABS' Australian Statistical Geography Standard. Capital city areas are Greater Capital City Areas and Regional areas are rest of state/territory.

Taken together, these patterns provide timely, real-world signals about where small businesses are experiencing disputes, how they are engaging with available support, and where earlier engagement can make a practical difference.

We will utilise this analysis to best direct our efforts to support and assist small businesses.

In Q1, 2026, we had:

- **1,721** calls to our contact centre
- **548** new cases that we actively managed
- **2,269** total requests for assistance.

Digital platform disputes are the most common type of dispute where we provide one-to-one support. They accounted for 35.4% of new actively managed cases in Q1, 2026. Other common types of disputes were payment (35.0%) and franchise disputes (10.0%).

CASE STUDY

Account security issue resolved and funds released

A small restaurant business contacted us after falling victim to a scam that placed more than \$46,000 in earnings at risk.

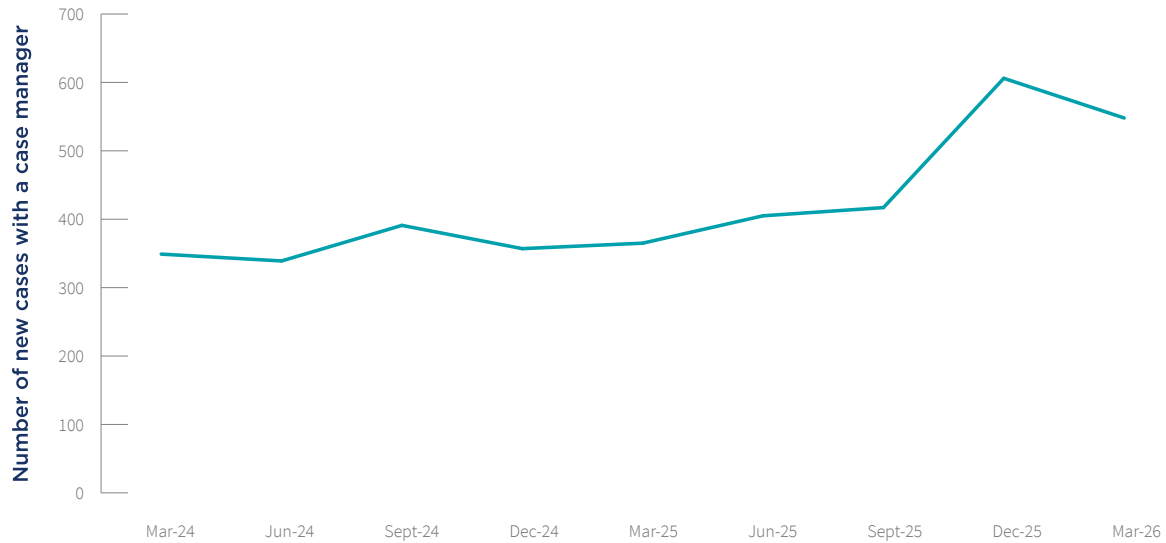
The business experienced technical issues with its account on a food delivery platform and subsequently received a phone call from a person claiming to be a platform representative. Believing the call to be legitimate, the owner followed the caller's instructions and provided verification codes sent to their phone.

Soon after, the owner became aware of unauthorised attempts to change security details linked to their email and platform account. The platform acted quickly to restrict payouts, preventing the scammer from accessing the funds. With assistance from a family member, the owner secured the account by resetting passwords and strengthening security settings.

Despite confirmation that the account had been re-secured, the business was unable to obtain a response from the platform regarding the release of withheld funds. With cash flow under pressure, the business contacted us for assistance.

We worked with the business and contacted the platform to confirm the account's security status and outstanding payments. From our involvement, the platform released the withheld funds, allowing the restaurant to regain access to its earnings.

New cases with a dedicated ASBFEO case manager, by quarter



Quarter

CASE STUDY

Helping franchisors understand their dispute resolution obligations

During Q1, 2026, we received several requests for assistance from franchisees who had been offered termination terms they considered unfavourable, often with limited time to respond. Some raised concerns about the “take it or leave it” nature of the offers, while others reported insufficient time to obtain advice. In one case, a franchisee had paid nearly \$100,000 in franchise fees before the franchisor ceased trading.

In each matter, we provided franchisees with information about the mandatory dispute resolution process under the Franchising Code of Conduct. We also wrote to franchisors, outlining their obligations under the Code, and, where relevant, highlighting penalty provisions. On the various matters we have sought to have the expiry of offers paused to allow the dispute resolution process to occur, reminded parties of their obligation to act in good faith, and identified potential systemic issues for further consideration.

In one case, a business initially refused to engage in the Franchising Code’s dispute resolution process. We clarified that its business model met the definition of a franchise under the Code and noted that a refusal to engage could be publicly disclosed. Following this engagement, the business agreed to participate in mediation with the small business who raised the dispute.

Case management outcomes

- **81.5%** of cases required active case management support, including providing information to progress the dispute (noting that calls to our Infoline are not included)
- **15.7%** were referred to a more appropriate agency (usually relevant Small Business Commissioner or alternative government agency)
- **2.8%** were referred to an ADR practitioner.

Industry codes: franchising, horticulture, oil, dairy

We provided franchise participants with information relating to the use of the mandatory dispute resolution process under the Franchising Code of Conduct. We also arranged ADR processes and appointed independent ADR practitioners to disputes as requested. For Q1, 2026, this included:

- responding to 135 enquiries from franchising participants
- connecting 55 new franchise disputes with a dedicated case manager.

We provided participants with information relating to the use of the mandatory dispute resolution process under the Dairy Code of Conduct, Oil Code of Conduct and Horticulture Code of Conduct. We also managed ADR processes and appointed independent ADR practitioners to disputes when requested.

For Q1, 2026, we received 2 requests for information about the Oil Code of Conduct, 2 about the Dairy Code of Conduct and 3 for the Horticulture Code of Conduct. Additionally, our case managers assisted with one new case related to the Oil Code of Conduct and one regarding the Horticulture Code of Conduct.

The TCS

Our TCS continued providing small businesses with information and assistance about a range of taxation matters. For Q1, 2026, we received:

- 12 requests seeking assistance with ATO negative decision letters received with a dedicated case manager, an increase from 11 requests in Q4, 2025.
- 11 additional enquiries about the TCS, an increase from 7 in Q4, 2025.

The TCS worked with the small businesses and the ATO to help readdress issues and/or refer matters to independent tax lawyers for subsidised advice about appealing negative decisions.

Low-cost legal advice service

Our low-cost legal advice service assists small businesses navigate dispute resolution. Since its implementation in March 2025, the service has been offered in 77 matters, with 42 eligible small business taking up the offer.



In March, ASBFEO celebrated 10 years of advocating for, and providing practical support to the Australian small and family business community.



ASBFEO attended the Franchising and Start Your Own Business Expo in Brisbane, joining forces with the Australian Taxation Office, Australian Financial Security Authority, Fair Work Ombudsman and IP Australia.

Advocacy

Our advocacy over Q1, 2026 emphasised the importance of creating an operating environment that enables Australia's small businesses to survive and thrive.

Our submissions to public consultations are available on our [website](#).

Proportionate, risk-based regulation designed for 97% of Australian businesses

We continued to advocate for policy designers and decision makers to develop policy and regulatory measures which are designed for small businesses. This approach recognises that 97% of Australian businesses are small businesses and prioritises understanding the impacts of regulation and the practical challenges they face in complying. We encouraged policymakers and regulators to:

- clearly explain the need for additional regulation, including its net benefit and how it addresses the identified issue
- ensure requirements are clear and accessible, supported by resources and guidance to assist compliance
- minimise regulatory complexity, including through clear definitions, and allow sufficient time for transition to new requirements.

We advocated for this approach in our submissions to the Closing Loopholes review of the *Fair Work Act*, the Secure Australian Jobs Code, Safe Work Australia's earthmoving safety framework, the National Construction Code, initiatives supporting sustainable economic growth in rural and regional Australia, and improvements to heavy vehicle regulation.

Improved insurance affordability and accessibility for small business

We continued to advocate for improvements to the accessibility and affordability of insurance for small businesses, recognising the essential role insurance plays in business continuity and resilience. We called for reforms that:

- ensure insurance requirements are proportionate to risk, so small businesses are not over-insured where risks are already controlled
- better understand and manage the drivers of escalating premiums, including encouraging insurers to recognise the risk-mitigation actions undertaken by individual small business

- make it easier for small businesses to understand what their insurance options are, and which of these will best meet their needs.

This advocacy was reflected in our submissions on illegal tobacco, professional indemnity insurance, and small business insurance more broadly.

Competition and consumer protection reforms for small business

We continued to advocate for effective competition and consumer protection reforms that enable small businesses to compete on fair terms, and for measures that provide stronger consumer protections to be designed in ways that do not impose an unsustainable compliance burden on small business.

This was reflected in our submissions on the Horticulture Code, supermarket price transparency, a review of the unfair contract terms regime and the development of unfair trading practices protections for small business.

Improvements to the small business operating environment

We continued to advocate for improvements to the broader small business operating environment which is currently being challenged by rising costs and regulatory complexity. We:

- progressed our review into 'white tape', examining the emerging evidence of business-to-business imposed regulatory, compliance and reporting burden shifting and its growing impact on small businesses
- worked with Small Business Commissioners to highlight the growing issue of small business social media account deactivation, calling for digital platforms to have greater oversight of decisions and accessible internal dispute resolution pathways, which we advocated for in our submission to the Scams Prevention Framework
- called for more effective law enforcement to tackle the sale of illicit tobacco, which is having significant, negative impacts on lawful small business.

Engagement

Q1, 2026 highlights

We continued to engage regularly with small business and their industry representatives across Australia to better understand their operating environments, raise awareness of our services, and provide support when needed. Through these communications and engagement activities, we are strengthening constructive relationships with policymakers, industry associations, and governments at all levels, supporting our shared goal of improving the operating environment for small businesses.

Stakeholder engagement

We met with a broad range of stakeholders, including industry associations, regulators, not-for-profit organisations, and governments, to collaborate on initiatives that support small business success. The Ombudsman participated in stakeholder roundtables, conferences, forums, and networking events to share the insights, promote our services, and strengthen connections across the small business ecosystem.

Stakeholder meetings

The Ombudsman met with the following organisations to discuss opportunities to improve outcomes for small businesses:

- Federal Regulator Agency Group
- State Small Business Commissioners
- CEO Institute
- Financial Advice Association Australia
- Small Business Stewardship Group
- AusPayNet
- Tax Ombudsman
- Council Of Small Business Organisations Australia
- Australian Retail Council
- Singapore Business Federation.

Presentations and webinars

The Ombudsman delivered presentations and participated in webinars to share insights and raise awareness for our role and services, engaging with:

- The Tax Institute
- Independent Audiologists Australia
- Australian Chamber of Commerce and Industry
- Housing Industry Association
- Franchise Council of Australia



Ombudsman Lynda McAlary-Smith (right) participated in a fireside chat with Sally Curtain, Chief Executive, Victorian Chamber of Commerce and Industry (left), at ACCI's Women in Small Business Summit.



ASBFEO hosted a delegation from the Singapore Business Federation and their Small Business Ministry and advisory services.

Canberra

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Our systems have met the International Organisation for Standardization's requirements and are now certified in managing high-quality external dispute resolution services (ISO 1003:2018). This means small businesses can rely on ASBFEO for trusted, high-quality support.

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