

Banking Summit Hears Newsagency Facts

The Federal Government's Credit Summit has been told there is a strong need to look at what is causing the additional financial pressures on Small Business and how newsagencies have to deal with unique cash flow systems.

CEO of The Australian Newsagents' Federation, Anthony Matis told the Summit newsagencies have a unique business model that has to be understood.

"Cash is always king and newsagencies are not always in a strong cash position. They are small businesses with contractual arrangements and do not always have control over their cashflow like other businesses," Mr Matis said.

Under existing contractual obligations a newsagent must work with a number of industry stakeholders in the sale and distribution of their products as well as participate in ongoing promotions. This is often at the cost to the newsagent at a time the business may not be able to afford it.

Mr Matis also told the Summit that newsagencies cash flow is being choked because payments due from large corporate clients are being unnecessarily delayed.

"This can cause a spike in the balance sheet putting temporary pressure on overdrafts. The banks acknowledged to the Summit on Friday they had no idea how newsagencies had to operate and agreed to take a more understanding stance," he said.

"I sincerely believe that the best outcome will be achieved by working together. I didn't go to the Summit to bash the banks, rather I was able to enlighten them on our issues and they have given an undertaking to work together. They admit some newsagents who apply for finance are declined due to a banks' lack of understanding or appreciation of our industry.

"In order to promote the cooperation between newsagencies and the banks I have offered each bank the opportunity to gain first hand insight by having some of their front line managers participate in our Certificate IV Training program over 5 days. I believe if the banks made the small investment of time and money in this course, they would see a solid return on investment."

Mr Matis also told the Summit he had genuine concerns for the social implications of the impasse between banks and SME operators.

"I also expressed my concerns about the physical and mental state of SME operators throughout Australia - and not just Newsagents.

Mr Matis asked Small Business Minister Dr Craig Emerson whether he or his Government had factored in the cost on the Health System in the years ahead as some operators prematurely access health services.

He also suggested the pending Fair Work Bill could force many Newsagency owners into their businesses on weekends as the cost of labour becomes unaffordable with little or no working capital to finance additional staff. Threat to the health of the family unit was also mentioned as Mums and Dads were forced to work week-ends.

Mr Matis said the way in which banks do business with newsagencies had become an issue and was pleased ANF was invited to contribute to this critical discussion.

"When the Summit heard the facts about our business, delegates were genuinely surprised and I believe through communication and education ANF can work with the Federal Government and the banks to get a better outcome.

"We need to be on the Federal Government's radar to ensure our channel receives special consideration," he said.