



Payment Times Reporting Bill – Exposure Draft

1 message

David Fuller

2 March 2020 at 16:59

To: paymenttimes@industry.gov.au

Dear Sir or Madam,

I have read the proposed bill and, whilst I consider it to be a laudable step in the right direction that large companies will be forced to report their payment times, it will not solve the problem. Large companies will take the view that small companies can either choose to work with them or not. From experience, [REDACTED] take this view regularly.

Proactive steps that would actually address the issue would be as follows:

1. Require large companies to acknowledge receipt of an invoice and request any changes or advise any errors within seven days of receipt.
2. Require large companies to pay the portion of any undisputed invoice i.e. prevent them withholding payment of the whole invoice when, say, only a small portion is disputed. This would drastically improve small business cash flows.
3. Require large companies to state and adhere to their nett payment terms (i.e. days from receipt of invoice) upfront. For example, we regularly run into the problem of large companies signing up to contracts with us on our standard 14-day terms only to find out later that their accounts teams work on 30-day cycles. This is a cash flow nightmare for SME's.
4. Following on from this, end the artificial cutoff that large companies impose on when invoices are submitted e.g. One large mining company requires invoices to be approved (not submitted) 14 days before month-end with payment occurring 30 days later. In practice, this can often mean 60-day plus payment terms. This is farcical given modern banking and invoicing systems.
5. Explicitly outlaw 'paid when paid'. Even large companies hide behind this at the expense of SME's that have provided goods or services in accordance with contractual terms. Many SME's go into liquidation because of this.
6. Provide a mechanism whereby late payments beyond agreed terms are legally required to be indexed with interest to compensate SME's. These form part of many contracts but are never enforced for fear of offending the larger company. Credit card companies do this automatically so why can't SME's with the government's support? This would end SME's being treated as zero interest banks by larger companies.

Whilst 3, 4 and 5 can, theoretically, be litigated oftentimes it is too expensive relative to the amount claimed and is not pursued by SME's for fear of falling out of favour with large businesses.

I trust that the above is of some assistance.

Best Regards,

David Fuller
Director



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