



6 March 2020

Department of Industry, Science, Energy and Resources

By Email: paymenttimes@industry.gov.au

Payment Times Reporting Framework Consultation Paper

Vodafone Hutchison Australia (VHA) is pleased to provide feedback on the draft Minister's Rules contained in the Payment Times Reporting Framework Consultation Paper.

VHA is committed to ensuring we pay our small business suppliers within a reasonable time and we are implementing 20 business day payment terms for suppliers with invoices up to \$2m annually. We appreciate that late payment for goods and services supplied can have a major influence on the budget and cash flow of small business owners.

We support in principle the Government's proposed Payment Times Reporting Framework however in light of the Government's Deregulation Taskforce to drive improvements to the design, administration and effectiveness of government regulation to ensure it is fit for purpose, it is critical to ensure the new scheme is not more burdensome on reporting entities than is necessary to achieve its desired objectives.

For instance, VHA questions the need to establish a new regulator to administer the scheme. It would seem to make sense for the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) to be the agency which administers the scheme given it already has powers to investigate and require production of information.

We are also concerned that significant costs and complexity will be involved in setting up the systems required to report the proposed payment time information as currently specified. The level of detail being requested is greater than what we currently report on and is disproportionate to the number of small business suppliers we have on our approved supplier list and their associated spend.

We therefore propose the following amendments to the content of the draft Rule:

- *The name of the entity (and, if relevant, the name of the controlling corporation)*
- *Entity's ABN (and, if relevant, the name of the controlling corporation)*
- *The primary industry of the entity (based on ANZSIC codes)*
- *Date the report was approved by the entity*
- *Name of the principal governing body of the entity and the responsible member of the entity who approved the report*



- *The shortest and longest payment terms the entity offers and any changes made to these terms during the reporting period*
- ~~*The total proportion (number and value) of invoices paid in the calendar day periods of 1-20 days, 21-30 days, 31-60 days and 60+ days*~~
- *The total proportion (number ~~and value~~) of invoices paid within the contract terms*
- ~~*Whether the entity offers any form of supply chain finance, reverse factoring or discounting and, if so, details of that arrangement and the total proportion (number and value) of invoices where these arrangements were utilised*~~
- *Any written information to provide context or explanation in relation to the information provided in the report.*

Defining a small business is problematic and at present there is no clear consistent definition of what is in fact a small business. We therefore support a single definition of small business for payment terms however regardless of whether this definition is based on turnover or employee numbers, it is difficult to know with certainty the size of a supplier we are dealing with.

Given the only existing method to identify what is and is not a small business is for suppliers to self-identify by business size, we support the proposal for a small business identification tool with access restricted to reporting entities. However, to ensure this is effective, and the administrative burden on reporting enterprises is minimised, small business suppliers should not be able to “opt-out” of the tool.

VHA is happy to discuss any aspect of this submission. Please contact VHA’s Head of Public Policy, Tim McPhail at tim.mcphail@vodafone.com.au.

Yours faithfully

Sean Crowley
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