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Payment Times Reporting Act Review Secretariat
Small and Family Business Division
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Parkes ACT 2600
By e-mail: PaymentTimesReview@treasury.gov.au

To Whom It May Concern

Statutory Review of the Payment Times Reporting Act 2020

Woodside welcomes the opportunity to provide feedback on the *Payment Times Reporting Act 2020* (Cwth) (the Act) as part of the statutory review, particularly given the importance of the Payment Times Reporting Scheme (PTRS) which aims to improve payment times for Australian small businesses and create transparency around the payment practices of large businesses such as ours.

At Woodside, we continue to work in partnership with our suppliers across the supply chain to continuously improve our approach, streamline our processes to make opportunities more accessible and deliver sustainable opportunities to our communities.

Over the past two years, our stakeholders and suppliers have requested us to expand and simplify the pathways for entry into our supply chain and emphasised the equal importance of strengthening outcomes delivered through our large contractors. We accepted this feedback and have been working towards further developing our local content processes, and reporting mechanisms to ensure we understand the impact we are having in our local communities.

Our approach to local content and supply chain supports the delivery of the Sustainable Communities Policy, Human Rights Policy, Indigenous Communities Policy and our commitment to Indigenous reconciliation.

With respect to the Act, we believe it is achieving its objective to enable small businesses to make informed decisions about potential customers and has created an incentive for reporting entities to improve their payment times. For example, since the submission of our first PTRS report in September 2021, we have reduced our payment times for suppliers to our Australian-based operations and projects to 20 business days. This improves our payment times for these suppliers and is compliant with the new *Building and Construction Industry (Security of Payment) Act 2021* (WA).

However, we would be concerned if the Government's approach extended to mandating specific e-invoicing providers, platforms or systems which could be challenging to retrospectively introduce across our business operation. Given many operators already have online systems in place to manage payments, the cost of moving platform and re-enrolling all our suppliers would be substantial. Further still, mandatory payment processes in Australia may be inconsistent with international requirements increasing challenges for Woodside's global organisation.

While Woodside continues to support the Government's PTRS as a tangible means to driving improved performance regarding payment times for Australian small businesses, we have detailed some specific feedback below for consideration as part of the statutory review.

Specific feedback on the Act

1. Woodside has identified that there is a misalignment in how small businesses are identified according to the to the Small Business Identification Tool (SBIT), which relies on the ABN classification, versus the definition in the Act, which classifies the organisation as a small business if turnover is less than A\$10 million over a 12-month period.

For example, we have paid many small business suppliers more than A\$10 million in a 6-month period including one who has been paid over A\$50 million.

2. Woodside has identified some of the ABNs returned by the SBIT relate to charities and not-for-profit organisations. Woodside considers that these entities are not small business suppliers for the purposes of the Act and should also be removed from the SBIT. This is because payments made to these entities are donations, not payments for goods or services provided.

In relation to both points 1 and 2 above, we have provided the regulator with a list of ABNs that we consider are not small business suppliers (either because we have paid more than A\$10 million to these entities in the reporting period or because the entities are charities or not-for-profit organisations). Woodside therefore considers that the ABNs in the SBIT should be reviewed more frequently and all ABNs that do not belong to small business suppliers should be removed.

3. The Act requires a Board member to approve the reports prior to submission to the regulator as well as submission of the reports to the Board before the next reports are due. Woodside considers this process could be streamlined by allowing an appropriately qualified senior executive to approve the reports and remove the requirement to submit to the Board.

We trust our submission is of value to your review, and please feel free to contact Elizabeth Vayler, Woodside's Head of Procurement, should you wish to discuss our feedback further.

Kind regards

Julie Fallon

Executive Vice President Corporate Services