



Australian Government



Australian
Small Business and
Family Enterprise
Ombudsman

1 May 2024

Government Response and Reform Unit

Small and Family Business Division

Department of the Treasury

Langton Crescent

Parkes ACT 2600

via email: paymenttimesreformSMB@treasury.gov.au

Dear Sir/Madam,

Payment Times Reporting Act 2020 primary legislation amendments

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to feedback on the proposed primary legislation amendment to the *Payment Times Reporting Act 2020* (the Act).

It is disappointing that large businesses' payment times to small businesses have not improved since the commencement of the Payment Times Reporting Scheme (the Scheme) in 2021.

Reasonable payment times enable small businesses to maintain their cashflow, which is especially important in challenging economic conditions. However, 3 years on from the introduction of the Scheme, one third of large businesses fail to pay their small business customers within 30 days, and close to one in ten (8%) of large businesses take between 61 and 120 days to pay their invoices. This is despite the fact that prompt payment of suppliers is central to good business practice, and is a key indicator of sound environmental, social and governance (ESG) performance.

The ASBFEO acknowledges that the proposed amendments to the Act seek to implement the Australian Government's response to the Statutory Review of the Act (the Review) and to improve the operation of the scheme. Further, we note the inclusion of a new power for the Minister to require an entity found to be a slow payer to small businesses to publish this on its website, and the expanded powers of the Payment Times Reporting Regulator to pressure poor performers through improved compliance and enforcement.

In March 2023, the ASBFEO made a submission to the Review supporting amendments to the Act that would improve transparency and effectiveness of the Scheme and the Payment Times Reporting Register (the register). Additionally, we recommended amendments to improve visibility and utility of the register, so that its reported data can readily be understood and used as a comparison tool to better inform the decisions of small businesses, customers and investors.

The opportunity for accounting software and business digital systems providers to draw a feed of Payment Times Reporting Register data via an approved API for real time utilisation when considering contracting and payment terms with counterparties should be enabled by the legislation.

The ASBFEO notes the proposed amendment will provide the regulator with rule-making powers in relation to reporting requirements. We encourage the Treasury to make available the exposure draft rules with sufficient time for organisations representing small businesses to provide



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comments on the proposed information and documents reporting entities are required to provide in relation to payment practices to small business suppliers.

If you require any further information, please do not hesitate to contact the ASBFEO via email at advocacy@asbfeo.gov.au.

Yours sincerely,

The Hon Bruce Billson

Australian Small Business and Family Enterprise Ombudsman