

ARA SUBMISSION

PAYMENT TIMES REPORTING RULES AMENDMENTS

AUGUST 2024

The Australian Retailers Association (ARA) welcomes the opportunity to provide comment on the exposure draft materials of the *Payment Times Reporting Rules 2024* (the Rules).

The ARA is the oldest, largest and most diverse national retail body, representing a \$420 billion sector that employs 1.4 million Australians – making retail the largest private sector employer in the country. As Australia's peak retail body, we represent the full spectrum of Australian retail - from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate across all categories - from food to fashion, hairdressing to hardware, and everything in between.

The ARA welcomes the findings from the Statutory Review of the *Payment Times Reporting Act 2020*, by Hon Dr Craig Emerson, and acknowledges that the Government has accepted Dr Emersons' recommendations. We also broadly support the amendments proposed in the *Payment Times Reporting Amendment Bill 2024*.

For small business, it is essential that the Scheme operates with optimal efficiency and compliance levels to provide small suppliers with increased certainty. For larger businesses, it is equally important that good behaviour is recognised. And so, we support the recent measures taken to help achieve these goals.

As a member of the Australian Chamber of Commerce and Industry (ACCI) the ARA broadly supports the position put forward by ACCI in its submission. We also share some of the concerns highlighted by ACCI, including:

- **Reporting Requirements.** We recommend simplifying and narrowing the mandatory reporting requirements to focus exclusively on payment times. Businesses need a straightforward and efficient approach, with a clear and simple method for calculating the proportion of payments made to small business suppliers. The approach proposed in the draft is too complex and will be burdensome for businesses to comply with.
- **Differentiation by industry.** While we welcome the ability for the Regulator to differentiate and take into consideration industry standards when determining whether a reporting entity or nominee is a slow payer, we believe the Rules need to provide more clarity on how the slowest 20% of small business payers overall compares with those within an ANZSIC Division.
- **Unintended consequences for small businesses.** We are concerned that, under the current Rules, small businesses may end up reporting on payment times to other small businesses, which would create an unnecessary regulatory burden instead of offering meaningful support.

We welcome the steps taken to simplify the Scheme, including the reduction in reporting complexity for larger businesses and the more accessible presentation of relevant data for small businesses. However, it is crucial to ensure that the measures introduced through this reform process are truly effective.

Thank you again for the opportunity to provide comment on the exposure draft materials of the *Payment Times Reporting Rules 2024*. Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.