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By Email: [PaymentTimesReformSMB@treasury.gov.au](mailto:PaymentTimesReformSMB@treasury.gov.au)

Dear Sir/Madam

## **Payment Times Reporting Rules Amendment Consultation**

HIA takes this opportunity to respond to the Payment Times Reporting Rules 2024 (the Rules). HIA has made several submissions as part of the Statutory Review of the Payment Times Reporting Act 2020 and in response to the Payment Times Reporting Framework, in support of moves that facilitate prompt cash flow and the timely payment of progress claims.

### **Slow small business payers**

Most recently, HIA has raised concerns with the concept of slow small business payer generally. Under the Rules, 'slow small business payers' are determined by ranking the reporting entities and reporting nominees in a reporting cycle based on their 95th percentile payment time.

#### *Use of ANZSIC Codes*

The use of ANZSIC Codes with the slow business payer term is perplexing. Residential building construction falls under the 'E – Construction' division. The Construction Division covers both building construction (residential and non-residential building), heavy and civil engineering construction, and construction services.

If the slow small business payers are drawn from the collection of data from all businesses under the Construction Division, not taking into account the industry specific payment practices of the subdivisions, it is highly likely that residential building businesses 95th percentile will always be slower than the other industries. HIA submits that the slowest 20 per cent of small business payers should be determined by ranking the reporting entities and nominees in a reporting cycle based on their 95th percentile payment time, however this is to be drawn from the subdivision of the ANZSIC division. This is to ensure that payment times are being compared against similar businesses with their industry specific payment practices being considered.

### **Fast business payers**

The Rules define fast business payers as having a payment time of 20 days or less. A payment time of 20 days in the residential building industry is uncommon and for larger scale projects

could be impossible to achieve. The Rules are setting an impossible standard for residential building businesses and should be amended to take into account industry specific payment practices.

### **Use of 'Calendar Days'**

Both 'payment term' and 'payment time' under the Rules refer to calendar days under the Rules. It is unclear why calendar days are used, as opposed to business days, which is standard for almost all business payments. For example, under many HIA contracts, payment terms refer to 'working days' as opposed to calendar days. Business days should be used or alternatively, reference 'days' only.

### **Notice to cease as a reporting entity**

The Rules require an entity to provide notice to the Regulator that they are ceasing as a reporting entity, provided that they meet certain requirements. HIA's previous submissions in 2020 raised concerns regarding this requirement, citing that if an entity no longer meets the threshold, this should be sufficient and it should not be necessary to add further compliance burdens.

If you have any questions, please do not hesitate to contact the writer.

Yours sincerely  
HOUSING INDUSTRY ASSOCIATION LIMITED



Alessandra Schladetsch  
Director Compliance and Workplace Relations