



Small Business  
Development Corporation

Our ref: D24/8365

Government Response and Reform Unit  
Small and Family Business Division  
Treasury  
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Dear Sir/Madam

### **PAYMENT TIMES REPORTING RULES AMENDMENTS – CONSULTATION**

Following our submission to the independent review (the **Review**) of the *Payment Times Reporting Act 2020* in February 2023, and the exposure draft of the Payment Times Reporting Amendment Bill 2024 (the **Bill**) in April 2024, the Small Business Development Corporation (**SBDC**) has read the exposure draft of the Payment Times Reporting Rules amendments (the **Rules' amendments**) and its explanatory statement with great interest.

Overall, the SBDC is pleased that the Australian Parliament passed the Bill on 3 July 2024 and is hopeful it will lead to improvements in payment times for small businesses. To facilitate its implementation, the SBDC is highly supportive of the more comprehensive and detailed approach of the Rules' amendments, which clearly specify the practical reporting expectations of parties. Providing this clarity may contribute to increasing the likelihood of reporting entities' adherence to their reporting obligations and will also ensure consistency, which will be important when assessing payment times in future.

The SBDC welcomes the addition of reporting entities' information requirements on payment practices under subsection 10(2)) of the Rules' amendments. Such valuable information to both the Payment Times Reports Regulator and users of the Payment Times Reports Register (the **Register**) includes whether they have:

- Entered into, or made an offer to enter into, a supply chain finance arrangement; or
- Used a practice or arrangement which involved one or more small business suppliers paying the entity an amount (including a subscription or membership fee) to either be able to make an offer to the entity to supply it with goods or services or to be able to issue an invoice to the entity for the supply of goods or services; and

- Whether another law of the Commonwealth, or of a State or Territory, or a code of conduct imposes requirements in relation to their payment times and practices for small business suppliers.

This transparency will help users of the Register to make better informed decisions and provide policymakers with useful data on topics relating to payment times and terms, contract terms, unfair trading practices, and bargaining power.

The other additional information requirements the SBDC is particularly supportive of is the proportion of payments to small businesses using:

- Peppol enabled invoices (Section 12); and
- Trade credit (Section 13).

The SBDC is aware of the slow uptake of eInvoicing among small businesses despite the benefits it can bring (including much faster payment times) and believes collecting this data may further support current Government efforts in encouraging adoption.

In the SBDC's opinion, it would be useful to require the average and median time of payments via Peppol enabled services (such calculations are requested for small business trade credit payments). This would help demonstrate whether small businesses are being paid faster through eInvoicing and may be used to promote greater uptake by the sector.

The SBDC is also supportive of the clarity and consistency that will come from the Rules amendments about the Regulator's requirements, such as Section 21 ('Information the Regulator may publish' and 'Information the Regulator must publish') and Section 22 ('Matters relevant to removal of information from the register').

While overall the proposed Rules' amendments represent another step forward for small businesses dealing with poor payment time practices (complementing the Bill), they will need to be tested in practice to assess their effectiveness. The SBDC therefore supports a further independent review as per Section 57A of the Bill ("within 2 years after the third anniversary of the commencement of the *Payment Times Reporting Amendment Act 2024*").

The SBDC welcomes the opportunity to provide feedback on the exposure draft Rules' amendments. If you would like to discuss this submission in more detail, please contact Karine Soares, Senior Policy and Advocacy Officer on (08) 6522 3300 or via [policy@smallbusiness.wa.gov.au](mailto:policy@smallbusiness.wa.gov.au).

Yours sincerely



David Eaton PSM  
**Small Business Commissioner**

19 August 2024