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Payment Times Task Force
Department of Industry, Science, Energy and
Resources
GPO Box 9880
Canberra, ACT 2601

Email: paymenttimes@industry.gov.au.

Response: Payment Times Reporting Draft Exposure Bill

The Australian Automotive Dealer Association (AADA) welcomes the opportunity to provide input into the Department's Exposure Draft of the Payment Times Reporting Bill.

The AADA is the peak industry advocacy body exclusively representing franchised new car Dealers in Australia. There are around 1,500 new car Dealers in Australia that operate over 3,000 new vehicle outlets. While a large number of our members are independent or small group operators, the balance includes large private companies and two large public companies.

The AADA is supportive of the Government's intention to introduce a comprehensive reporting framework to encourage faster and fairer payment to Australia's small businesses. However, we retain some concerns regarding the draft Exposure Bill. These are detailed below.

We do not agree with the requirement for yet another independent regulator for what is in essence a relatively simple reporting task that could be handled by, for example, ASIC with minimal additional resources. We find this particularly concerning because the franchise sector which contributes \$128Bn to Australia's economy, and to which our members belong, still lacks an independent regulator to manage the fractious relationships between franchisor and franchisees.

The AADA would submit that the proposal to report at entity level rather than at group level will require considerable additional time, resources and effort, particularly for large Dealership groups that include several hundred individual Dealerships that would each have to report should they exceed the relatively low turnover threshold. By the very nature of their business, new car Dealerships show very large turnovers, but very slim profit margins. Setting the reporting level at \$100 million will likely capture new car Dealerships that cannot by any reasonable measure to be considered to be large corporations.



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Rule 1 – Definition of a small business supplier

As per our previous submission to the Discussion Paper on this issue, we believe strongly that turnover is not a proper measures of a small business in the current environment, and that the definition of a small business should follow the current practice of the Commonwealth's Pay-on-time Policy and thus be based on the expenditure value of contracts or invoices the business issues.

Please feel free to contact me (jvoortman@aada.asn.au) on 0452 535 696 or our Policy Manager Alex Tewes (atewes@aada.asn.au) on 0418 425 820 if you have any questions.

Yours sincerely,

James Voortman

Chief Executive Officer