SUBMISSION TO COMMENT ON THE PAYMENT TIMES REPORTING FRAMEWORK CONSULTATION PAPER.

DRAFT PAYMENT TIMES REPORTING BILL AND ASSOCIATED MINISTER’S RULES

March 2020

OVERVIEW

MYOB is Australia’s leading business platform provider to small and medium enterprises and continually innovates to provide new solutions that assist small business to drive efficiencies and productivity.

Established in Melbourne in 1991, MYOB is headquartered in Victoria and has over 1.2 million small business customers, supporting the engine room of the Australian economy to simplify their accounting, payroll, tax, practice managements, inventory, CRM, mobile payments and international trading needs.

In addition to the near third of Australia’s 3 million small businesses that use MYOB, more than 40,000 accounting and bookkeeping partners use MYOB as their preferred instrument to deliver services to businesses.

MYOB has the widest business partner network in Australia, including across regional Australia, working with advisory firms in regional towns and cities to support small business.

EVIDENCE TO SUPPORT THE PAYMENT TERMS FRAMEWORK IMPLEMENTATION

As a result of MYOB’s wide network of partners and subscribers across the country, we have a significant reach to the small business community. We continuously seek feedback from individual small businesses and their advisers, our partners, in regard to issues they face in growing their business.

MYOB has two nationwide consulting processes that we undertake to seek feedback from small business:

1. Business Monitor – a twice-annual survey of 1000 small businesses and partners asking them to respond to issues that are impacting them at the time of writing. This survey has been conducted every six months for the last 10 years and as such, accurately provides insight into the top issues affecting small business coinciding with events of that time.
2. INCITE – our metropolitan and regional roadshow that covers 31 destinations across the country where up to 6000 small businesses attend to hear our product experts and senior executives deliver product updates on how MYOB is innovating based on the feedback of our customers.

The forum also acts as a consultation between our business and the sector, on their concerns and how we can address them.

We believe we are the only small business digital platform that segments survey questions by geography, gender and size of business, giving us a unique perspective on how issues of the day, including the Government’s legislative agenda, are received by large cohorts.

Our reach to a third of Australia’s small business sector means we are uniquely placed to deliver evidence-based support for the need for legislation to be implemented to establish a Payment Times Reporting Framework.

Some key data points relating to payment terms from the most recent edition of Business Monitor (December 2019) in a survey of 1013 small businesses include:

* 31% of small businesses say late payments from customers causes a lot to extreme pressure.
* Women small business operators are more likely to be impacted than men (35% vs 29%).
* South Australian businesses are most affected (38%).
* This is of equal concern to businesses in metro, regional and rural locations (all at 31%).
* 42% of businesses who reported revenue had been down said late payments caused a lot to extreme pressure.
* 41% of businesses in the startup stage (less than two years) reported late payments caused pressure, with the issue presenting a significant challenge for young developing businesses.
* The industries most likely to be impacted are construction and the trades (44%) and manufacturing and wholesale (52%)

This data demonstrates that giving small businesses assurance that they will be paid within a reasonable timeframe creates a level of confidence in the sector that eliminates the uncertainty around cashflow, which in turn, enhances small business confidence in investing in capital, employing staff, launching for export or developing new products and services.

As a strong supporter of the start-up community and the development of a strong women in technology skills pipeline, we are particularly concerned that the data reflects both a gender bias and a business-maturity bias, and support the framework’s implementation to address these in particular.

COMMENT ON THE MINISTER’S RULES

MYOB notes the Minister’s Rules section of the explanatory notes, specifically:

“During consultation on the policy for the Framework, stakeholders emphasised concerns about how they would identify their small business suppliers, highlighting that this information is not publicly available and is potentially costly for both small and large business to collect and verify.

“Stakeholders subsequently recommended that the Framework should be supported by a look-up tool to help automate the payment times reporting small business identification process. The look-up service would be based on a ‘negative screen’ of small businesses, where large businesses could enter identifying information about their suppliers and automatically see if the entities had a negative match to being a large or medium business. “

As a developer of technology that supports the Australian small business sector, we welcome the opportunity to work with government to provide advice on how these concerns could be addressed and still retain the intent of creating the ‘level playing field’ for small business; and protect their concerns over privacy or misuse of information by big business.

MYOB also supports reporting timeframes and the adherence of big business to delivering reporting within three months after the end of the reporting timeframe.

We note that the draft legislation notes that big business may apply in writing to the Regulator for further time to give the report. We support the reporting timeframe being established with the intent that it is followed by big business and extensions given by the Regulator should be done so under extenuating circumstances, in order for the full intent of the Payment Times Framework as a mechanism to establish cultural change, to take effect.

Yours sincerely

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MYOB