



TELSTRA CORPORATION LIMITED

Submission in response to the Payment Times Reporting Scheme – Rules Consultation Paper

26 June 2020



Introduction

Telstra recently announced new arrangements under which suppliers with invoices of up to \$2 million annually will receive twenty-day payment terms. Under these new arrangements, which will be in place before the end of this financial year, the vast majority of our suppliers will have their invoices paid within twenty days of Telstra receiving a validly submitted invoice.

Telstra's comments on the exposure draft of the Payment Times Reporting Rules (**the Rules**) are set out below. We otherwise have no specific concerns with the draft Rules.

The definition of a Payment Period should be consistent

Section 14(1)(d) of the Payment Times Reporting Bill (**the Bill**) is inconsistent with Section 9 of the Rules regarding the definition of the commencement of a payment Period. Clarification of what is meant by the "issue" of an invoice versus the "receipt" is needed to remove ambiguity. Telstra recommends the Bill be amended to reference the receipt of an invoice.

The definition of when an invoice is issued (Rule 9(a)) could cause some confusion in respect of disputed invoices. Rule 9(c) specifically includes disputed invoices in the report calculations, however it is unclear when an invoice would be disputed if it were to meet the definition in Rule 9(a). Further clarity of the definition in Rule 9(a), or what would constitute a disputed invoice, would be helpful.

Additionally, in Section 6 of the Rules, the definition of "standard payment period" should include the concept of a standard payment period being made generally available to small business suppliers. This would avoid any implication that an entity would need to report a supply payment period offered as a 'one off' to a specific supplier / category of suppliers, which was not generally offered in the entity's standard contract terms.

Further clarification of terminology is required

Section 8(g) specifies that a report must include "details of arrangements under which small business invoices are provided to the entity". While the Consultation Paper provides an example as by the end of the month, it is unclear whether an entity would be required to list any or all arrangements specified in contractual terms or otherwise broadly required.

Availability of the Payment Time Small Business Identification Tool

In order to expedite the system development required to enable Telstra to extract information and produce the reporting, the Tool should be made available as soon as practicable. Any delay in the availability and accessibility of the Tool would hamper our ability to automate identification of our small business suppliers in accordance with the definition in the Bill.