

19 August 2024

Government Response and Reform Unit
Small and Family Business Division
The Treasury
Langton Cres
Parkes ACT 2600

By email: paymenttimesreformSMB@treasury.gov.au

Dear Sir/Madam

Payment Times Reporting Rules amendments

Thank you for the opportunity to consider the proposed amendments to the *Payment Times Reporting Rules*.

As the professional body representing over 80% of Australia's insolvency, turnaround and restructuring professionals, the Australian Restructuring, Insolvency and Turnaround Association (**ARITA**) is Australia's largest representative body of insolvency practitioners. More about ARITA is provided at the end of this submission.

The Payment Times Reporting framework is intended to reduce the time taken for small businesses to receive payments from governments and large businesses. It does this by causing the collection and publication of payment times information. This improves information available to small businesses who may face a choice of who to supply or whether to expand to supply a new customer. It also provides an opportunity to objectively "name and shame" those large businesses and government agencies who are recidivist slow payers.

The benefits of this information to a small business or the market generally are significantly reduced, perhaps eliminated, when external administrators (voluntary administrators and liquidators) are appointed as the most relevant piece of information to both is the fact of the appointment – a fact which the external administrator is required by law to make continuously clear.

It would seem therefore that requiring external administrators to report under the framework creates little value and as such is likely to be an unnecessary regulatory burden that needs to be funded ultimately by the creditors of the business or the external administrators

themselves. That most external administrations do not cover their costs was an issue canvassed widely in our submission to, and the report of, the Parliamentary Joint Committee for Corporations and Financial Services inquiry into corporate insolvency.

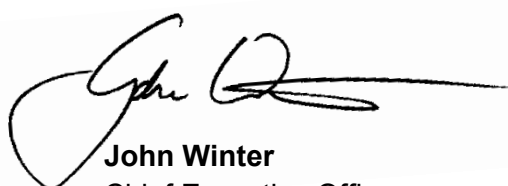
We have reviewed the Payments Times Reporting Rules 2024 Exposure Draft in respect of the reporting requirements that will apply to external administrators (rule 14). Our comments are:

- such reporting requirements should only apply to the first reporting period following the commencement of the external administration. There is no value in the external administrator repeating the same information for each reporting period; and
- rule 14 should be extended to include controllers (which includes receivers and managers) under Part 5.2 of the *Corporations Act 2001* (**the Act**). The definition of external administrator does not include controllers, but the same reasoning for why there are special rules for external administrators equally applies to controllers as another form of administration under Chapter 5 of the Act.

Should the company move out of external administration, for example as a result of the successful completion of a deed of company arrangement or the completion of the receivership, the standard reporting requirements would once again apply to the company.

Should you wish to discuss any aspect of our submission, please contact Ms Kim Arnold, ARITA's Policy & Education Director, on 02 8004 4340.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Winter', with a long horizontal flourish extending to the right.

John Winter
Chief Executive Officer



About ARITA

The Australian Restructuring Insolvency and Turnaround Association (ARITA) represents professionals who specialise in the fields of restructuring, insolvency and turnaround.

We have more than 2,200 members and subscribers including accountants, lawyers and other professionals with an interest in insolvency and restructuring.

We are a not-for-profit, incorporated professional association run for the benefit of our members.

Around 80% of Registered Liquidators and Registered Trustees choose to be ARITA members.

ARITA's ambition is to lead and support appropriate and efficient means to expertly manage financial recovery.

We achieve this by providing innovative training and education, upholding world class ethical and professional standards, partnering with government and promoting the ideals of the profession to the public at large. In 2023, ARITA delivered 94 CPE events with over 5,000 attendees.

ARITA promotes best practice and provides a forum for debate on key issues facing the profession.

We also engage in thought leadership and advocacy underpinned by our members' knowledge and experience. We represented the profession at 11 inquiries, hearings and public policy consultations during 2023.