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Government Response and Reform Unit
Small and Family Business Division
Treasury
Langton Cres
Parkes ACT 2600
Via email: paymenttimesreformSMB@treasury.gov.au

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Dear Treasury

Re: Payment Times Reporting Rules - Exposure Draft Regulations

The Council of Small Business Organisations Australia (COSBOA) has long advocated for small businesses to be paid on time and had supported the Government's 2022 election commitment to ensure small businesses are paid on time and to ensure a mechanism for payment within 30 days.

Every time a small business is not paid on time there is a blow to productivity, efficiency and time spent by the owner to chase payment. This hurts the small business itself but also has a flow on effect to their contractors, suppliers and undermines business investment and growth. Research from Xero in 2022 highlighted that late payments are a contributor to cash flow challenges for small businesses. At the time of this research, Xero estimated that the delay **costs the small business economy in excess of \$1.1billion annually** in Australia.¹

COSBOA notes that the Government commissioned the Honourable Dr Craig Emerson to undertake an independent review (**Review**) of the Payment Times Reporting Act 2020 (**Act**) which provided recommendations on how to improve the payment performance of large businesses to small business suppliers and that the Government agreed with all the recommendations of the Review. The Review found that large businesses had failed to improve payment times to small businesses under the old scheme.

COSBOA welcomes the proposed Rules to the extent that they help improve and simplify the existing disclosure system and particularly to the extent they give greater powers to the Regulator to publicly report fast and slow payers however, it is not clear how effective this reporting will be in driving better outcomes in changing the behaviour and poor conduct of certain large businesses. COSBOA remains concerned more broadly that the Act (as amended) and the accompanying proposed Rules do not go far enough have not implemented a mandated maximum payment time which we continue to believe would be a more effective tool for ensuring improved payment times.

¹ Cash flow challenges facing small businesses, Xero, September 2022

COSBOA notes that the Act now requires that an independent review of the operation of the Act and the Rules must be undertaken within two years of the third anniversary of the commencement of the amendments. We await to see whether the amendments and Rules are effective in producing better outcomes for small business and COSBOA supports the Rules but in the interim will continue to advocate for better payment times for small businesses.

Kind regards



Luke Achterstraat
Chief Executive Officer

COSBOA