PAYMENT TIMES INQUIRY UNDERWAY

The payment practices of big businesses and governments across the country will be put under the microscope by Australian Small Business and Family Enterprise Ombudsman (ASBFEO) Kate Carnell during an inquiry aimed at weeding-out patterns of behaviour that are undermining the financial viability of small businesses and putting pressure on the entire economy.

The ‘Payment Times and Practices’ Inquiry is the first self-initiated inquiry undertaken by the ASBFEO. It will be led by the ASBFEO in partnership with state-based Small Business Commissioners in New South Wales, Victoria, South Australia and Western Australia, and will be carried out in association with the Council of Small Business Australia (COSBOA) and the Australian Institute of Credit Management (AICM).

The Inquiry will also seek input from federal and state/territory governments and their agencies.

Anecdotally, small businesses are reporting that some large businesses are taking longer than ever to pay their bills; this Inquiry aims to establish an accurate picture of the trends that have emerged in recent years surrounding the commercial arrangements between large and small businesses, as well as governments and small enterprises.

The Inquiry will assess the impacts these trends are having and will identify practical solutions – including possible regulatory and market-based responses – that can be implemented quickly and effectively to help address identified problem areas.

The Inquiry will seek input from businesses and other industry stakeholders through submissions, an online survey as well as through public consultations, with the final report expected in March 2017.

One of the number one issues impacting small business productivity here in Australia is unfair payment practices – specifically late payments – with some research suggesting Australia lags well behind the rest of the world when it comes to paying invoices on time.

Cash flow is king to small business; late payments can be the difference between success and insolvency so it’s vital these sorts of unfair payment practices are stamped-out to ensure small businesses can reach their full potential, and in doing so, continue to contribute substantially to the overall health of the national economy.

Inquiry Terms of Reference are available at www.asbfeo.gov.au/inquiries. Small businesses who would like to have their say can do so at the above website or by phoning 1300 650 460.

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