

MEDIA STATEMENT

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Large corporations reluctant to reveal payment time performance

The *Review of payment terms, times and practices* report, released today by the Australian Small Business and Family Enterprise Ombudsman (ASBFEO), Kate Carnell has found some large corporations are reluctant to reveal the timeframes in which they pay their small business suppliers.

“We received over 2,400 surveys from small and family businesses across the country raising issues on late payments and long payment times,” Ms Carnell said.

“We also engaged with more than 250 large businesses, requesting a copy of their current small business supplier payment terms and conditions.

“One of our key learnings from this review is the hesitancy of some of Australia’s most well-known companies to be open about their payment terms and, more importantly, how often they actually meet those terms.

“Despite having small business supplier definitions, some large businesses could not identify how many of their suppliers were small businesses.

“This significant finding underlines the critical need for an independent annual reporting framework that tracks the performance against payment terms of large Australian and multinational corporations and government entities.

“It also points to the need for the government to modernise business registers so small business suppliers can be more easily identified.

“In November last year the government announced its suppliers will be paid within 20 days for contracts up to \$1 million by 1 July 2019 and it will develop an annual reporting framework requiring large businesses over \$100 million in turnover to publish their payment information.

“Where large corporations delay payment to their small business suppliers, small business cash flow is unpredictable and presents significant difficulties in their ability to access and service finance.

“Cash flow is king to small business - poor cash flow is the primary reason for insolvency in Australia.”

The release of this report follows a written request late last year by the Minister for Small and Family Business, Skills and Vocational Education, Michaelia Cash for advice on the effect late payment practices are having on small and family businesses.