



Australian Supplier Payment

CODE

supplierpaymentcode.org.au



Australia needs competitive businesses with healthy cash flows to grow our economy and future prosperity.

For small businesses particularly, prompt and on-time payment is crucial. A reliable cash flow and working capital enhances a business's ability to grow, create jobs and plan for the future. The stress and uncertainty of lengthy or late payments can take a direct personal toll on employees, direct owners and shareholders.

No business exists in isolation. We believe everyone – including larger purchasing businesses, governments and the communities in which employees and business owners live – benefits when we have a viable and productive small business supplier base.

The ***Australian Supplier Payment Code*** is a voluntary, industry-led initiative to enshrine the importance of prompt and on-time payment for suppliers through a set of best practice standards.

THE CODE

Signatories to the Code commit to the following payment practices and policies:

PROMPT AND ON-TIME PAYMENT COMMITMENTS

1 Pay eligible Australian small business suppliers within **30 days** of receipt of a correct invoice or receipt of a correct product from the supplier (whichever is the later), or on mutually agreed terms, or on terms that are consistent with a standard industry practice.¹ (Signatories can choose to pay within shorter timeframes.)

2 Pay correct invoices from suppliers on time.

3 Provide clear guidance to suppliers about the company's payment procedures.

4 Work with supplier businesses, where practicable, to apply technologies and practices that will speed up invoice reconciliation, approval and payment processes (*eg online portals, electronic invoicing, Electronic Funds Transfer, payment cards, etc*).

COMPLIANCE AND REPORTING COMMITMENTS

5 Put in place clear, fair and efficient processes for dealing with complaints and disputes about payment times and practices (*eg*

create a point of contact, issue clear procedural guidelines, set timeframes for the investigation and response, report on actions taken).

6 Report on company policies and practices in place to comply with this Code.

PUBLICATION

The ***Australian Supplier Payment Code*** and a list of signatories to the Code will be published online.

ELIGIBILITY

Any company operating in Australia or government entity can be a signatory to the Code.

The definition of a small business is to be determined by the signatory company. Signatories can adopt one or more of the following criteria:

■ an Australian business with annual turnover up to \$10 million (*exceptions may be applied for supplier businesses that are part of a consolidated group of companies*); **OR**

■ an Australian business with fewer than 20 employees (*exceptions may be applied for supplier businesses that are part of a consolidated group of companies*); **OR**

■ an Australian business that supplies goods and services to the signatory company up to a maximum annual level of expenditure. The maximum annual level of expenditure is to be set by

the signatory company and must be published. (*Exceptions may be applied for supplier businesses with annual turnover greater than \$10 million or with over 20 employees, or supplier businesses that are part of a consolidated group of companies.*)

The definition(s) of a small business adopted by the signatory company must be consistently applied to all small business suppliers.

A signatory company commits to apply the code to its small business suppliers where it is able to verify their eligibility. Where small businesses are defined by turnover or by maximum number of employees, verification might occur as part of the supplier onboarding process and/or in writing provided by the small business. Where small businesses are defined by a maximum annual spend this information should be readily accessible from the signatory company's payments system.





PERFORMANCE OF THE CODE

Signatories will have eighteen months from date of signing to work towards full compliance with the Code.

Signatories will enforce their own compliance with the obligations in the Code and conduct their reporting obligations in plain English.

The performance of the Code in improving payment times and practices will be reviewed within 12 months of the date of commencement. The review will be overseen by a reference group with members representing small, medium and large sized businesses and conducted by an independent third party.

1 The application of the exemption for 'mutually agreed terms' should be consistent with the recommendation on page 14 of the Australian Small Business and Family Enterprise Ombudsman's 2017 report on payment times and practices that "longer terms could be agreed providing not grossly unfair to one party". To recognise standard industry practice, if the payment relates to construction work or related goods and services, the relevant payment period is 45 days of receipt of a correct invoice.



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of Australia**

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