



MEDIA RELEASE

DR CRAIG EMERSON

Minister for Small Business, Independent Contractors and the Service Economy
Minister Assisting the Finance Minister on Deregulation

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Emerson calls on big business to pay small business bills on time

Federal Small Business Minister Dr Craig Emerson is calling on big businesses to improve their payment times to small businesses following the release of a disturbing report by Dun and Bradstreet today.

The Dun and Bradstreet Report found that:

- average payment time is 56.5 days, up 1.3 days on the previous quarter;
- big businesses (defined as those with more than 500 employees) are the slowest payers averaging 61.5 days;
- payment times have risen to the highest level since 2001.

“Despite the difficulties being created by the global economic crisis it is vitally important for big Australian businesses to do all they can to pay their bills to small businesses within a reasonable time period,” Dr Emerson said.

“Steady cash flow is vital for small business survival particularly in times of economic stress.

“Bill payment delays of up to two months places added pressure on small businesses trying retain staff.”

Dr Emerson reminded big businesses of a warning from the Australian Competition and Consumer Commission that any systematic failure to pay small bills within a reasonable time could constitute a breach of the Trade Practices Act.

“The ACCC has said that the unconscionable conduct provisions of the Trade Practices Act could be breached in circumstances where there has been a unilateral significant delay in payment that imposes extraordinary hardship on the supplier and where there is evidence there was no consultation,” Dr Emerson said.

The Rudd Government is already leading by example, having introduced on 1 December 2008 an on-time payment guarantee for new small business contracts up to \$1 million with Commonwealth departments.

If the Commonwealth does not pay its bills to small business in 30 days the small business may be able to charge penalty interest.

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