



SPEECH

CRAIG EMERSON

Member for Rankin

18 June 2007

LATE PAYMENT OF GOVERNMENT DEBTS (INTEREST) BILL 2007 First Reading

[Dr EMERSON](#) (Rankin) (1.30 p.m.)—We have just heard the member for Swan supporting the case for independent contractors, in the particular case of owner-drivers in Western Australia—getting a fair go and being able to enjoy the benefits offered by Western Australian legislation. This private member's bill relating to late payments by Commonwealth authorities to small business adds to Labor's commitment to small business and independent contractors. Essentially the [Late Payment of Government Debts \(Interest\) Bill 2007](#) is designed to ensure that there are powerful disincentives for government departments and agencies to delay the payment of invoices to small businesses and contractors. The way it works is that, where there is an agreed contract period below a 30-day period, it will be honoured. Other than that, the situation would be that after 30 days the Commonwealth would start paying interest on late payments owed to small businesses. This bill differs slightly from a previous bill in that the definition of 'statutory interest' would be the general interest charge provided by section 8AAD of the Tax Administration Act 1953. This gives a specific interest rate, which is already determined through legislation.

The other aspect of this legislation is that the definition of 'small business' has been changed to one with a turnover of less than \$2 million. The reason we have chosen to do that is that the government has passed legislation through the House which rationalises the various definitions of small business, wherever possible, to one that has a turnover of \$2 million or less. So there is some streamlining in this bill. We also decided to limit this particular private member's bill to late payments by Commonwealth departments and agencies rather than late payments by larger businesses to smaller businesses—which was provided for in a previous bill. One of the reasons for that is that I will be bringing forward in the course of the coming months some proposals for low-cost dispute resolution procedures for small business. We believe that those procedures, which would be fast, informal and low cost, would allow small businesses to pursue any grievances they might have in relation to late payments by larger businesses. Indeed, it would be much wider than that—allowing small businesses to attain access to low-cost dispute resolution procedures with an emphasis on mediation wherever that is possible.

Labor argue that we need to do more in this nation to support small business and independent contractors. It has been the practice of the coalition government to claim small business and contractors as constituents of theirs, as if they own them; they do not. These are people who have decided to strike out, have a go for themselves, take the risks and earn a living. Those risks can be very considerable. In addition, small businesses often find themselves on the wrong side of the work and family balance, because we know that not only the owner but also the owner's spouse very often put their hearts and souls into a small business, into a contracting arrangement, and they deserve the support of the Commonwealth.

If the government supports the private member's bill, it will constitute tangible support for small business and independent contractors. I note that an Audit Office report released just the other day indicates that more than 600,000 small businesses owe more than \$4 billion in GST debt. So any suggestion that small business is getting it easy these days is untrue. Many small businesses struggle. Labor recognise the struggle of small businesses and contractors, and that is why we have brought forward this private member's bill. We do hope it enjoys the support of the government.

Bill read a first time.

The DEPUTY SPEAKER (Hon. IR Causley)—In accordance with standing order 41, the second reading will be made an order of the day for the next sitting.