

**SMALL BUSINESS — TIMELY PAYMENT POLICY**

*Statement by Minister for Small Business*

**MR P. PAPALIA (Warnbro — Minister for Small Business)** [9.05 am]: I rise to briefly inform the house about the McGowan government's payment practices and its support for local small business suppliers. In recent times we have seen the devastating impact of excessive and late payment times on Australian businesses, particularly on smaller operators and individuals who rely on strong cash flow and prompt payments for work done.

In the April 2017 "Payment Times and Practices Inquiry—Final Report", the Australian Small Business and Family Enterprise Ombudsman found —

A lack of cash flow is the leading cause of business insolvency and this underscores the importance of the issue of late payments which can easily put many businesses out of operation.

It is therefore incumbent on not only big businesses to treat their small creditors and suppliers with due respect by paying promptly and reliably, but also governments at all levels to ensure that payment practices are timely and efficient. As the Ombudsman stated in her report, the government has a role as first mover to reverse the trend of late payments. As members are aware, the Auditor General has just tabled his report on the payment times of a sample of WA government agencies, which has shown a marginal improvement on the previous audits conducted in 2013 and 2007. More should and can be done. To this end I am pleased to advise that the Small Business Development Corporation, led by the WA Small Business Commissioner, is working with the Under Treasurer and his department to enhance and better enforce the government's longstanding timely payment of accounts policy. Together, the SBDC and Treasury will look at extending the coverage of "Treasurer's Instruction 323" to encapsulate more government entities, improve agency accountability and reporting against the 30-day benchmark, and consider options to better streamline processes, record data and monitor payment performance.

Each year, hundreds of millions of dollars are spent by WA government agencies purchasing goods and services, which represents a significant boost to the local economy. The prompt payment of these suppliers frees up cash flow and stimulates investment, jobs and growth. Supporting small businesses is vitally important to the economy. The sector accounts for over 40 per cent of total employment in WA and contributes almost 20 per cent to gross state product. This government will work hard to ensure that small businesses continue to be the engine room of the economy.