



27 February 2020

Australian Small Business and Family Enterprise Ombudsman
By Email: inquiries@asbfeo.gov.au

Supply Chain Finance Review Position Paper

Thank you for the opportunity to provide our feedback on the Supply Chain Finance Review Position Paper.

Vodafone Hutchison Australia (VHA) has Supply Chain Finance (SCF) arrangements in place with a handful of our large suppliers. VHA does not offer, and has never offered, SCF arrangements to our small business suppliers. We appreciate that late payment for goods and services supplied can have a major influence on the budget and cash flow of small business owners.

Furthermore, VHA is committed to ensuring we pay our small business suppliers within a reasonable time and we are implementing 20 business day payment terms for suppliers with invoices up to \$2m annually.

We support in principle the Government's proposed Payment Times Reporting Framework however significant costs and complexity will be involved in setting up the systems required to report the proposed payment time information as currently specified. We note this is subject to a separate consultation process being run by the Department of Industry, Science, Energy and Resources which we will respond to accordingly.

Defining a small business is problematic and at present there is no clear consistent definition of what is in fact a small business. We support a single definition of small business for payment terms however regardless of whether this definition is based on turnover or employee numbers, it is difficult to know with certainty the size of a supplier we are dealing with. There is no tool available to accurately identify what is and is not a small business and the only existing mechanism is for suppliers to self-identify by business size.

Almost half of our entire supplier base is on 30-day payment terms or less. While we support specified payment terms for small business suppliers we do not support the suggestion of a minimum standard for all supplier payments (regardless of supplier size) of 30 days. Businesses should have the flexibility to enter into bespoke arrangements with large suppliers and multinationals.

Yours faithfully

Sean Crowley
Acting Chief Financial Officer