



## AUSTRALIAN CREDIT FORUM Inc.

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All Correspondence To  
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22<sup>ND</sup> August, 2013

General Manger  
Strategic Policy & Regulation Reform Branch  
Department of Industry, Innovation, Climate Change, Science,  
Research and Tertiary Education

Via Email : [smallbusiness@innovations.gov.au](mailto:smallbusiness@innovations.gov.au)

22<sup>nd</sup> August 2013

Dear Sir/Madam,

The Australian Credit Forum was formed over 45 years ago and is a group of Senior Sydney based credit professionals who meet on a regular basis to discuss credit related matters and in particular respond to discussion papers on proposed changes to Federal and State laws and regulations affecting the credit profession and industry.

We applaud any innovation that will improve collections and cash flow for all businesses, and submit the following comments on the Australian Prompt Payment Protocol Discussion Paper dated July 2013.

Focus Questions.

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The common cause of late payments is either an inability to pay as a result of cash flow problems due to the time interval between supply and sale, and a debtors ability to collect, or taking advantage by holding onto money for as long as possible for investment purposes.

Manufacturing and Building suffer from a time lag between purchasing materials, finishing products, then getting paid.

Retailers generally have a quicker access to cash as product can be sold as soon as it is supplied.

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The Protocol Principles are well based. We don't see any fundamental challenges

We suggest the following could be added.

"Give clear and concise advice by way of a Remittance advice of what is being paid"

This may seem obvious, but is not always done

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We support the initiatives for Real Time Payments, and see this as a worthwhile innovation.

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We believe that a Not for Profit Organisation would be the best type of entity to administer the Protocol. Given the potential cost and infrastructure required it will almost certainly require initial government assistance to set up.

The organisation would best be serviced by either Finance or Credit based organisations such as the Australian Institute of Credit Management or perhaps the Credit Insurance Industry.

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We believe that the entry requirements should be similar to a credit application. This would normally mean two to three credit references and a mercantile report from a reputable reporting agency. If the Protocol is to mean anything, then entry measures need to reflect the credibility of the signatories.

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Compliance could be monitored by complaints, but should only be assessed if three or more complaints are received.

Anonymous complaints should not be allowed, to avoid frivolous claims.

Complaints could be handled by writing to the company advising that their standing with the Protocol is in jeopardy and asking for a response within a given time. (30-60 days?).

Failure to respond could then be followed up with advice to remove all reference to being a signatory from their paperwork and branding entitlements.

Protracted disputes could be handled through Department of Fair Trading.

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Other communication channels could include Credit Insurance companies, as they could encourage their clients to be signatories of the Protocol. Any reduction in business failures will be of benefit in reducing premiums.

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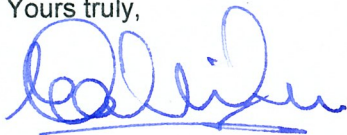
We don't believe a new legislative approach should be adopted at this stage. It may be appropriate after voluntary introduction to try to bring all businesses in line with prompt payment.

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Government should set the example at all levels. There is no excuse for any government to pay late. All levels from Federal to local should be signatories and adhere to the Protocol.

Thank you for the opportunity to respond to this proposal and we would be happy to provide further input in support of our response. We look forward with interest to future developments re this proposal.

Yours truly,



Eric Milne  
Chairman  
Australian Credit Forum