



10 July 2020

Senator the Hon James McGrath  
Chair  
Senate Education and Employment Legislation Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Via email: eec.sen@aph.gov.au

Dear Senator McGrath

**RE: Submission to the Senate Education and Employment Legislation Committee's Inquiry into the *Payment Times Reporting Bill 2020***

The National Farmers' Federation (NFF) would like to thank the Committee for providing us with the opportunity to provide a submission to its inquiry into the *Payment Times Reporting Bill 2020*.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

The NFF is supportive of the *Payment Times Reporting Bill 2020*. We consider that, if legislated, this Bill would have a positive impact on the Australian agricultural industry. Requiring large companies to publicly disclose the payment terms offered to their small business suppliers would incentivise these companies to improve their payment terms, thereby benefitting small agricultural businesses in various sectors.

We note that it is common practice in the Australian grains industry for grain traders to offer shorter payment terms as a point of competitive advantage. This practice provides a competitive advantage to the trader because it offers a

significant benefit to producers, who often use shorter payment terms as a financial risk management tool. It is likely that legislation which incentivises reduced payment terms in other sectors of the industry is likely to produce corresponding benefits.

One such instance is in dealings between horticulturalists and supermarkets. We consider that this legislation would put significant downwards pressure on the length of payment terms offered to horticulturalists by supermarkets. This is likely to enable horticulturalists to better manage their financial risk, in the same way that many grain producers currently do.

The NFF does not, at this current time, support the introduction of legally mandated payment terms.

Should you have any question regarding this submission please do not hesitate to contact Mr. Liam Watson, Policy Officer (Trade and Economics)

Yours sincerely

**TONY MAHAR**  
Chief Executive Officer