

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Supplementary Budget Estimates
2016 - 2017

Division/Agency: Australian Competition and Consumer Commission
Question No: 101
Topic: Payment terms for small business
Reference: Written
Senator: Whish-Wilson, Peter

Question:

1. Have the ACCC undertaken any recent analysis of trends in payment terms in the supply chain for the retail and manufacturing sectors? What are the results of this analysis?
2. Is the ACCC aware of any trends where suppliers are being asked to accept longer payment terms?
3. Would the ACCC be concerned with any such trends?
4. What powers does the ACCC have to address any such trends?

Answer:

- 1) The ACCC has not performed any analysis of trends in payment terms, but is closely monitoring issues in the grocery sector specifically.
- 2) The ACCC is aware of media reports and has to this effect seen anecdotal examples of suppliers being asked to accept longer payment terms.
- 3) Requests to suppliers to accept longer payment terms would not itself raise concerns under relevant provisions. The ACCC would however be concerned if there were evidence of use of undue pressure in any such request which may give rise to concerns of unconscionable conduct, unfair contract terms or a contravention of the Food and Grocery Code.
- 4) The ACCC's audit power under s51ADD of the *Competition and Consumer Act 2010* (the Act) allows the ACCC to gather information on current payment terms in the grocery sector. The ACCC can issue statutory notices to obtain information and documents more generally in relation to potential contraventions of the Act.