



Damien Tudehope
Minister for Finance and Small Business

MEDIA RELEASE

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FASTER PAYMENTS PILOT TO BENEFIT SMALL BUSINESS SUBCONTRACTORS

Small businesses that supply goods and services to larger businesses doing work for the NSW Government would be paid within 20 business days under a new pilot program that launches this month.

Minister for Finance and Small Business Damien Tudehope said the pilot was designed to assist small businesses further down the Government's goods and services supply chains.

"We want to do better when it comes to getting small businesses paid on time and this pilot program is the first step in the journey to making life easier for those small business subcontractors that supply goods and services under NSW Government contracts," Mr Tudehope said.

"We know one of the biggest challenges for small businesses is cashflow. When you get paid quickly, it is easier to pay your staff and other bills."

"Under the existing Faster Payments Policy, the NSW Government is focussed on paying registered small businesses with government contracts within five days.

"We are now looking to extend this policy to ensure larger companies providing goods and services to the NSW Government also pay their own suppliers in a short timeframe."

Mr Tudehope said the move would complement the Federal Government's new Payment Times Reporting Scheme which requires large businesses with a total annual income of over \$100 million to publicly report their payment terms and practices to their small business suppliers.

"The public reporting required by the Commonwealth regime, together with a potential NSW Government requirement to pay faster will work well together."

"Faster payments help businesses stay in business and that helps keep people in jobs which is really important as we plan for a post-pandemic future," Mr Tudehope said.

The NSW Government is working with a number of suppliers to pilot the policy, to gain insights on policy parameters including the definition of small and large businesses as well as other implementation measures.

When the Faster Payments Policy was introduced in December 2018, payments were made by Government to small businesses within 20 calendar days, which has since

been reduced to five business days. The new pilot program is expected to be complete by June 2021, with a NSW Government wide policy expected to be implemented following the pilot program.

For more information on the existing Faster Payments Policy go to: smallbusiness.nsw.gov.au/get-help/faster-payment-terms/faster-payment-terms-policy

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