

Payment Times Reporting Act 2020

No. 91, 2020

An Act to provide for certain entities to report payment terms and practices, and for related purposes

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An Act to provide for certain entities to report payment terms and practices, and for related purposes

[*Assented to 14 October 2020*]

The Parliament of Australia enacts:

Part 1—Preliminary

1 Short title

This Act is the *Payment Times Reporting Act 2020*.

2 Commencement

(1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

| Commencement information | | |
| --- | --- | --- |
| Column 1 | Column 2 | Column 3 |
| Provisions | Commencement | Date/Details |
| 1. The whole of this Act | As follows:  (a) if this Act receives the Royal Assent before 1 January 2021—1 January 2021;  (b) if this Act receives the Royal Assent on or after 1 January 2021—the first 1 January or 1 July to occur after the day this Act receives the Royal Assent. | 1 January 2021  (paragraph (a) applies) |

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

(2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

3 Objects of this Act

The objects of this Act are:

(a) to provide for large businesses, certain government entities and volunteering entities to report information on their payment terms and practices in relation to their small business suppliers; and

(b) to make that information publicly available in order to:

(i) enable small businesses to make more informed decisions about potential customers; and

(ii) create incentives for reporting entities to improve their payment terms and practices.

4 Simplified outline of this Act

This Act requires certain entities that carry on an enterprise in Australia to report their payment terms and practices in relation to their small business suppliers. Other entities may elect to report voluntarily.

A reporting entity must give the Payment Times Reporting Regulator a report for each period of 6 months. The Regulator keeps the reports on a publicly available register, known as the Payment Times Reports Register.

The Regulator is to be an SES employee in the Department. The functions of the Regulator include monitoring and enforcing compliance with this Act.

5 Definitions

In this Act:

***ABN*** has the same meaning as in the *A New Tax System (Australian Business Number) Act 1999*.

***Australia*** has the same meaning as in the *Income Tax Assessment Act 1997*.

***Australian law*** means a law of the Commonwealth, or of a State or Territory.

***authorised officer*** means a person appointed as an authorised officer under subsection 35(1).

***Business Industry Codes*** means the Business Industry Codes published by the Australian Taxation Office, as in force or existing from time to time.

Note: The Business Industry Codes could in 2020 be viewed on the Australian Taxation Office’s website (https://www.ato.gov.au).

***carrying on an enterprise*** includes doing anything in the course of the commencement or termination of the enterprise.

***civil penalty provision*** has the same meaning as in the Regulatory Powers Act.

***commencement day*** means the day this Act commences.

***commercial‑in‑confidence*** has the meaning given by subsection 20(3).

***constitutional corporation*** means a corporation to which paragraph 51(xx) of the Constitution applies.

***constitutionally covered entity*** has the meaning given by section 6.

***controlling corporation*** means an entity that:

(a) is a body corporate incorporated in Australia; and

(b) is not a subsidiary of another body corporate that is incorporated in Australia.

***enforcement body*** has the same meaning as in the *Privacy Act 1988*.

***enforcement day*** has the meaning given by subsection 37(2).

***enforcement related activity*** has the same meaning as in the *Privacy Act 1988*.

***engage in conduct*** means:

(a) do an act; or

(b) omit to perform an act.

***enterprise*** has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999*.

***entity*** has the same meaning as in the *Income Tax Assessment Act 1997*.

***entrusted person*** means:

(a) the Secretary; or

(b) the Regulator; or

(c) an APS employee in the Department; or

(d) any other person employed in or engaged by the Department.

***Federal Circuit Court*** means the Federal Circuit Court of Australia.

***Federal Court*** means the Federal Court of Australia.

***foreign entity*** has the same meaning as in the *Income Tax Assessment Act 1997*.

***income tax*** has the same meaning as in the *Income Tax Assessment Act 1997*.

***income year*** for an entity:

(a) has the same meaning as in the *Income Tax Assessment Act 1997*; or

(b) if income tax is not payable by the entity under that Act—means:

(i) a financial year; or

(ii) if the rules prescribe a period of 12 months—the prescribed period.

***internal decision reviewer*** has the meaning given by subsection 53(1).

***issuing officer*** means:

(a) a magistrate; or

(b) a Judge of the Federal Court or the Federal Circuit Court.

***member***: a subsidiary of the controlling corporation is a ***member*** of the controlling corporation’s group, unless:

(a) the subsidiary is also a subsidiary of another body corporate because the other body corporate meets the requirement in subparagraph 46(a)(i) or (ii) of the *Corporations Act 2001* in relation to the subsidiary; and

(b) the other body corporate is not a member of the group (including by reason of a previous operation of paragraph (a) of this definition).

***notifiable event*** has the meaning given by subsection 14(4).

***payment times report*** means a report prepared for the purposes of Division 2 of Part 2 (reporting payment times).

***Payment Times Small Business Identification Tool*** has the meaning prescribed by the rules.

***principal governing body***, of an entity, means:

(a) the body, or group of members of the entity, with primary responsibility for the governance of the entity; or

(b) if the entity is of a kind prescribed by the rules—a prescribed body within the entity, or a prescribed member or members of the entity.

Example: Examples of principal governing bodies are as follows:

(a) for a company—the company’s board of directors;

(b) for a superannuation fund—the fund’s board of trustees.

***protected information*** means information obtained under, or in accordance with, this Act.

***reconsideration decision*** means a decision made under subsection 53(2).

***register*** means the Payment Times Reports Register established under section 17.

***Regulator*** has the meaning given by subsection 24(3).

***Regulatory Powers Act*** means the *Regulatory Powers (Standard Provisions) Act 2014*.

***relevant court*** means:

(a) the Federal Court; or

(b) the Federal Circuit Court; or

(c) a court of a State or Territory that has jurisdiction in relation to matters arising under this Act.

***reporting entity*** has the meaning given by section 7.

Note: See also section 55 (former reporting entities).

***reporting period*** has the meaning given by section 8.

***responsible member***, of an entity, means:

(a) an individual member of the entity’s principal governing body who is authorised to sign payment times reports; or

(b) if the entity is a trust administered by a sole trustee—that trustee; or

(c) if the entity is a corporation sole—the individual constituting the corporation; or

(d) if the entity is under administration within the meaning of the *Corporations Act 2001*—the administrator; or

(e) if the entity is of a kind prescribed by the rules—a prescribed member of the entity.

***rules*** means rules made under section 58.

***Secretary*** means the Secretary of the Department.

***small business*** means an entity described as a small business in the Payment Times Small Business Identification Tool.

Note: An entity will be described as a small business in the Payment Times Small Business Identification Tool during an income year for the entity if it carries on an enterprise in Australia and its annual turnover (within the meaning of the *Income Tax Assessment Act 1997*) was less than $10 million for the most recent income year.

***small business invoice*** means a document, notifying an obligation to make a payment, issued to an entity by a small business supplier of the entity.

***small business supplier***, in relation to an entity, means a small business that supplies goods or services to the entity.

***standard payment period***, for an entity, has the meaning prescribed by the rules.

***subsidiary*** has the same meaning as in the *Corporations Act 2001*.

***this Act*** includes the rules.

***total income*** has the same meaning as in section 3C of the *Taxation Administration Act 1953*.

***use***, in relation to information, includes making a record of the information.

***volunteering entity*** means a reporting entity that is a reporting entity only because of an election under paragraph 7(1)(b).

6 Meaning of *constitutionally covered entity*

Each of the following is a ***constitutionally covered entity***:

(a) a constitutional corporation;

(b)a foreign entity;

(c) an entity, other than a body politic, that carries on an enterprise in a Territory;

(d) a body corporate that is incorporated in a Territory;

(e) a body corporate that is taken to be registered in a Territory under section 119A of the *Corporations Act 2001*;

(f) a corporate Commonwealth entity, or a Commonwealth company, within the meaning of the *Public Governance, Performance and Accountability Act 2013*.

7 Meaning of *reporting entity*

Becoming a **reporting entity**

(1) A constitutionally covered entity becomes a ***reporting entity*** at the start of an income year (the ***relevant income year***) for the entity, if:

(a) the entity is covered by subsection (2); or

(b) before the start of the relevant income year, the entity gives the Regulator notice in writing that the entity elects to become a reporting entity at the start of that income year.

Note: A reporting entity that is a reporting entity only because of an election under paragraph (b) is a ***volunteering entity***: see section 5.

(2) An entity is covered by this subsection if:

(a) the entity carries on an enterprise in Australia; and

(b) any of the following apply:

(i) the total income for the entity for the most recent income year for the entity was more than $100 million;

(ii) if the entity is a controlling corporation—the combined total income for all members of the controlling corporation’s group for the most recent income year for the controlling corporation was more than $100 million;

(iii) if the entity is a member of the group of a controlling corporation to which subparagraph (ii) applies—the total income for the entity for the most recent income year for the entity was at least $10 million; and

(c) the entity is not registered under the *Australian Charities and Not‑for‑profits Commission Act 2012*.

Ceasing to be a **reporting entity**

(3) A reporting entity continues to be a ***reporting entity*** until the Regulator determines, in writing, that the entity has ceased to be a reporting entity.

Note: A decision not to determine that the reporting entity ceases to be a reporting entity is reviewable: see section 51.

(4) However, a reporting entity ceases to be a ***reporting entity*** immediately after the end of an income year (the ***relevant income year***) for the entity if:

(a) the entity is a member of a controlling corporation’s group; and

(b) the entity is not a volunteering entity; and

(c) the total income for the entity for each of the following was less than $10 million:

(i) the relevant income year;

(ii) the income year for the entity immediately preceding the relevant income year.

Application for determination

(5) A reporting entity may apply in writing for a determination under subsection (3).

(6) The application must include any information or documents prescribed by the rules.

(7) After considering the application, the Regulator must make the determination if:

(a) the Regulator is satisfied:

(i) that the total income for the entity for each of the 2 most recent income years for the entity was not more than $100 million; and

(ii) if the entity is a controlling corporation or a member of a controlling corporation’s group—that the combined total income for all members of the controlling corporation’s group for each of the 2 most recent income years for the controlling corporation was not more than $100 million; or

(b) the Regulator is satisfied that the entity is registered under the *Australian Charities and Not‑for‑profits Commission Act 2012*; or

(c) the Regulator is satisfied that the entity is a volunteering entity.

When determination has effect

(8) The determination has effect immediately before the start of the income year for the entity in which it is made.

Notice of decision

(9) The Regulator must give the entity written notice of the Regulator’s decision on whether to make a determination under subsection (3).

8 Meaning of *reporting period*

Each of the following is a ***reporting period*** for a reporting entity:

(a) the first 6 months of each income year for the entity in which the entity is a reporting entity;

(b) the remainder of each such income year.

9 Act binds the Crown

(1) This Act binds the Crown in each of its capacities.

(2) This Act does not make the Crown liable to be prosecuted for an offence.

Note: In addition, the Crown in right of the Commonwealth is not liable to a pecuniary penalty or to be given an infringement notice in relation to contraventions of this Act: see subsections 33(4) and 34(4).

10 Extension to external Territories

This Act extends to every external Territory.

Part 2—Reporting payment times

Division 1—Introduction

11 Simplified outline of this Part

This Part requires a reporting entity to give the Regulator a payment times report for each reporting period. The report must be given within 3 months after the end of the reporting period, unless the Regulator allows an extension of time.

A payment times report must comply with a number of requirements relating to its preparation, approval and content.

Civil penalties apply to reporting entities (other than volunteering entities) that fail to report or give the Regulator a false or misleading report.

The Regulator must register payment times reports on a publicly available register, known as the Payment Times Reports Register. A reporting entity may request the Regulator to register a revised payment times report.

If the Regulator is satisfied that a reporting entity has failed to comply with this Act, the Regulator may publish the identity of the entity, or details of the entity’s non‑compliance, on the register.

Division 2—Reporting payment times

12 Reporting entities must report payment times

A reporting entity must give the Regulator a payment times report for each reporting period for the entity.

13 When report must be given

Timeframe for reporting

(1) The report must be given within 3 months after the end of the reporting period.

Extension of time

(2) However, the entity may apply in writing to the Regulator for further time to give the report.

(3) The application must:

(a) state the circumstances that have resulted in the need for further time; and

(b) include evidence of those circumstances; and

(c) include any other information prescribed by the rules.

(4) The Regulator may, by written notice to the entity, allow the entity such further time to give the report as is specified in the notice, if:

(a) the Regulator has considered the application and any matters prescribed by the rules; and

(b) the Regulator is satisfied that the circumstances that have resulted in the need for further time were exceptional or were outside the entity’s control.

Note: A decision not to allow further time is reviewable: see section 51.

(5) The Regulator must not specify more time in the notice than the Regulator considers appropriate, having regard to:

(a) the severity of the circumstances that have resulted in the need for further time; and

(b) the strength of the evidence of those circumstances included in the application.

14 Reporting requirements

Content requirements

(1) The report must:

(a) state the entity’s name; and

(b) if the entity has an ABN—state the ABN; and

(c) include a description of the entity’s main business activity in accordance with the Business Industry Codes; and

(d) state the reporting period to which the report relates; and

(e) include a statement on the standard payment periods for the entity at the start of the reporting period, including in relation to the shortest and longest standard payment periods for the entity; and

(f) include details and an explanation of any changes to the standard payment periods for the entity during the reporting period, including in relation to the shortest and longest payment periods for the entity; and

(g) state the proportion, determined by total number and total value, of small business invoices paid by the entity during the reporting period that were paid in accordance with each of the following subparagraphs:

(i) within 20 days after the day (the ***issue day***) the relevant small business invoice was issued;

(ii) between 21 and 30 days after the issue day;

(iii) between 31 and 60 days after the issue day;

(iv) between 61 and 90 days after the issue day;

(v) between 91 and 120 days after the issue day;

(vi) more than 120 days after the issue day; and

(h) state the proportion, determined by total value, of all procurement by the entity during the reporting period that was procurement from small business suppliers; and

(i) include the details of the principal governing body of the entity; and

(j) if the entity is a member of a controlling corporation’s group—identify the controlling corporation; and

(k) include a declaration by a responsible member of the entity that the report will be provided to the principal governing body of the entity; and

(l) state the name of the responsible member who signed the report under subsection (5) and the date it was signed; and

(m) state the name and contact details of the individual giving the report to the Regulator; and

(n) if a notifiable event has occurred since the last payment times report (if any) for the entity was given to the Regulator—include details of the notifiable event; and

(o) include any other information or documents prescribed by the rules.

(2) The rules may prescribe the method for working out any of the matters mentioned in paragraph (1)(g), including in relation to the issue or payment of small business invoices for the purposes of that paragraph.

(3) Without limiting paragraph (1)(o), information or documents prescribed by the rules for the purposes of that paragraph may relate to the entity’s payment terms or practices, including supply chain financing, during the reporting period in relation to small business suppliers.

(4) Each of the following is a ***notifiable event***:

(a) the entity’s applicable accounting period changes under section 18 or 18A of the *Income Tax Assessment Act 1936*;

(b) the entity is notified that a business name, or a different business name, has become registered to the entity on the Business Names Register established and maintained under section 22 of the *Business Names Registration Act 2011*;

(c) any other event prescribed by the rules.

Approval requirements

(5) The report must be signed by:

(a) a responsible member of the entity; or

(b) if the entity is a member of a controlling corporation’s group—a responsible member of the controlling corporation.

Note: A payment times report may be signed electronically: see section 10 of the *Electronic Transactions Act 1999*.

Form and manner for giving report

(6) The report must be given in a form and manner (if any) approved in an instrument under subsection (7).

(7) The Regulator may, by notifiable instrument, approve a form or manner for the purposes of subsection (6).

15 Civil penalty provision for failure to report

A reporting entity is liable to a civil penalty if:

(a) the entity is required to give the Regulator a payment times report in accordance with this Division; and

(b) the entity fails to comply with the requirement; and

(c) the entity is a not a volunteering entity.

Civil penalty: 60 penalty units.

16 Reporting entities must not give false or misleading reports

Reporting entities that are not volunteering entities

(1) A reporting entity is liable to a civil penalty if:

(a) the entity gives the Regulator a payment times report; and

(b) the report is false or misleading in a material particular; and

(c) the entity is not a volunteering entity.

Civil penalty: 350 penalty units.

(2) For the purposes of subsection (1), the reference in paragraph 82(5)(a) of the Regulatory Powers Act to 5 times the pecuniary penalty specified for the civil penalty provision has effect as if it were a reference to 0.6% of the total income for the person for the income year in which the contravention occurred.

Note: This subsection modifies the maximum pecuniary penalty that a body corporate can be ordered to pay for a contravention of subsection (1).

Volunteering entities

(3) A volunteering entity must not give the Regulator a payment times report that is false or misleading in a material particular.

Division 3—Access to payment times reports

17 Payment Times Reports Register

(1) The Regulator must maintain a register of payment times reports, to be known as the Payment Times Reports Register.

(2) The register must be made available for public inspection, without charge, on the internet.

18 Registration of payment times reports

The Regulator must register a payment times report given to the Regulator in accordance with Division 2 (reporting payment times).

19 Registration of revised payment times reports

(1) A reporting entity may, by written notice to the Regulator accompanied by a revised version of a registered payment times report given by the entity, request the Regulator to register the revised version.

Note: See section 16 in relation to false or misleading reports.

(2) The revised version of the payment times report must indicate the date of the revision and include a description of the changes made to the most recently registered version of the report.

(3) The Regulator must register the revised version of the payment times report, if:

(a) circumstances prescribed by the rules exist in relation to the request to register the revised version of the report; and

(b) the revised version complies with the requirements set out in section 14 (reporting requirements).

20 Decision not to publish certain information

(1) The Regulator may decide that certain information contained in a payment times report is not to be made available for public inspection on the register if the Regulator considers that making the information publicly available would be contrary to the public interest.

(2) In making a decision under subsection (1), the Regulator must have regard to:

(a) whether the information is personal information (within the meaning of the *Privacy Act 1988*); and

(b) whether the information is commercial‑in‑confidence; and

(c) any other matters prescribed by the rules.

(3) Information is ***commercial‑in‑confidence*** if the Regulator is satisfied that:

(a) release of the information would cause competitive detriment to a reporting entity; and

(b) the information is not in the public domain; and

(c) the information is not required to be disclosed under another Australian law; and

(d) the information is not readily discoverable.

21 Decision not to publish payment times reports for volunteering entities that fail to comply with Act

(1) This section applies if the Regulator is reasonably satisfied that a volunteering entity has failed to comply with this Act.

(2) The Regulator may decide that any payment times reports that have been or will be given to the Regulator by the entity are not to be made available for public inspection on the register until the Regulator is satisfied that appropriate remedial action has been taken by the entity.

22 Publication of information about failure to comply with Act

(1) If the Regulator is reasonably satisfied that a reporting entity has failed to comply with this Act, the Regulator may publish the identity of the entity and details of the non‑compliance:

(a) on the register; and

(b) in any other way the Regulator considers appropriate.

Note 1: The Regulator must not publish information under this subsection if the non‑compliance occurred before the enforcement day: see subsection 37(3).

Note 2: A decision to publish the identity of an entity or details of non‑compliance is reviewable: see section 51.

(2) Before the Regulator decides to publish the identity of the entity or details of the non‑compliance under subsection (1), the Regulator must:

(a) give the entity notice in writing of the proposed decision and the reasons for the proposed decision; and

(b) invite the entity to make written submissions to the Regulator about the proposed decision within the period of 28 days beginning on the day the notice is given; and

(c) have regard to any written submissions made by the entity within that period.

Part 3—Payment Times Reporting Regulator

Division 1—Introduction

23 Simplified outline of this Part

This Part requires the Secretary to designate a position of Payment Times Reporting Regulator in the Department. The Regulator is to be an SES employee.

The Regulator has functions relating to the administration of this Act, including monitoring and enforcing compliance with this Act.

The Regulator may delegate certain functions or powers.

Division 2—Payment Times Reporting Regulator

24 Payment Times Reporting Regulator

(1) The Secretary must, by writing, designate a position in the Department as the position of Payment Times Reporting Regulator.

(2) That position can only be occupied by an SES employee.

(3) The ***Regulator*** is the SES employee who occupies, or the acting SES employee who is acting in, that position.

(4) An instrument made under subsection (1) is not a legislative instrument.

25 Functions of the Regulator

The Regulator has the following functions:

(a) to administer this Act;

(b) the functions conferred on the Regulator by this Act;

(c) to monitor and enforce compliance with this Act;

(d) any other function prescribed by the rules;

(e) any other function conferred on the Regulator by any other law of the Commonwealth;

(f) to advise the Minister about matters relating to any of the functions mentioned in paragraphs (a) to (e);

(g) to do anything incidental or conducive to the performance of any of the preceding functions.

26 Powers of the Regulator

The Regulator has power to do all things necessary or convenient to be done for, or in connection with, the performance of the Regulator’s functions.

27 Delegation by the Regulator

(1) Subject to subsections (2) and (3), the Regulator may, in writing, delegate all or any of the Regulator’s functions or powers under this Act to:

(a) an SES employee, or acting SES employee, in the Department; or

(b) a person who holds, or is acting in, an Executive Level 2, or equivalent, position in the Department.

Note: Sections 34AA to 34A of the *Acts Interpretation Act 1901* contain provisions relating to delegations.

(2) The Regulator must not delegate the Regulator’s functions or powers under section 35 (appointment of authorised officers) or section 36 (appointment of infringement officers).

(3) The Regulator may only delegate the Regulator’s functions or powers under the following provisions to an SES employee, or acting SES employee:

(a) subsection 7(3) (ceasing to be a reporting entity);

(b) subsection 13(4) (further time to give a payment times report);

(ba) subsection 14(7) (approval of a form or manner for giving payment times reports);

(c) subsection 22(1) (publication of information about failure to comply with Act);

(d) subsection 30(2) (requiring a reporting entity to arrange an audit).

(4) In performing a delegated function or exercising a delegated power, the delegate must comply with any written directions of the Regulator.

Part 4—Compliance and enforcement

Division 1—Introduction

28 Simplified outline of this Part

This Part imposes certain obligations on reporting entities and provides for compliance and enforcement powers.

A reporting entity is required to keep records of information used to prepare a payment times report for 7 years.

The Regulator may require a reporting entity to arrange an audit of the entity’s compliance with this Act.

This Part applies Parts 2, 3, 4 and 5 of the Regulatory Powers Act with suitable modifications. Those Parts of that Act deal with monitoring and investigation powers, civil penalty provisions and infringement notices. The Regulator may appoint authorised officers and infringement officers to exercise powers under the Regulatory Powers Act.

The application of compliance and enforcement powers under this Act is delayed for 12 months.

Division 2—Obligations of reporting entities

29 Record‑keeping requirements

Reporting entity must keep records

(1) A reporting entity must keep records of any information used in the preparation of a payment times report for a reporting period for the entity for at least 7 years after the end of the reporting period.

Civil penalty

(2) A reporting entity is liable to a civil penalty if:

(a) the entity is required to keep records under subsection (1); and

(b) the entity fails to comply with the requirement; and

(c) the entity is not a volunteering entity.

Civil penalty: 200 penalty units.

(3) For the purposes of subsection (2), the reference in paragraph 82(5)(a) of the Regulatory Powers Act to 5 times the pecuniary penalty specified for the civil penalty provision has effect as if it were a reference to 0.2% of the total income for the person for the income year in which the contravention occurred.

Note: This subsection modifies the maximum pecuniary penalty that a body corporate can be ordered to pay for a contravention of subsection (2).

30 Compliance audits

(1) This section applies if the Regulator reasonably suspects that a reporting entity has contravened a provision of this Act.

(2) The Regulator may, by written notice given to the entity, require the entity:

(a) to appoint as an auditor:

(i) a person nominated by the entity and approved, in writing, by the Regulator; or

(ii) if the Regulator does not approve a person nominated by the entity—another person approved, in writing, by the Regulator; and

(b) to arrange for the auditor to carry out an audit of whichever of the following is specified in the notice:

(i) the entity’s compliance with this Act;

(ii) one or more specified aspects of the entity’s compliance with this Act; and

(c) to give the Regulator a written report setting out the results of the audit within:

(i) the period specified in the notice; or

(ii) if the Regulator allows a longer period—that longer period.

Note: The Regulator must not give notice under this subsection before the enforcement day: see subsection 37(4).

(3) The notice must specify:

(a) requirements relating to the qualifications and independence of the auditor to be appointed under paragraph (2)(a); and

(b) the matters to be covered by the audit; and

(c) the form and content of the report.

(4) The entity must comply with the notice.

(5) The entity must provide the auditor, and any persons assisting the auditor, with all reasonable facilities and assistance necessary for the effective exercise of the auditor’s duties under this section.

Auditor’s fees and expenses

(6) The reasonable fees and expenses of the auditor for preparing the audit report are payable by the entity.

Civil penalties

(7) An entity is liable to a civil penalty if:

(a) the entity is subject to a requirement under subsection (4); and

(b) the entity fails to comply with the requirement; and

(c) the entity is not a volunteering entity.

Civil penalty: 60 penalty units.

(8) An entity is liable to a civil penalty if:

(a) the entity is subject to a requirement under subsection (5); and

(b) the entity fails to comply with the requirement; and

(c) the entity is not a volunteering entity.

Civil penalty: 200 penalty units.

(9) For the purposes of subsection (8), the reference in paragraph 82(5)(a) of the Regulatory Powers Act to 5 times the pecuniary penalty specified for the civil penalty provision has effect as if it were a reference to 0.2% of the total income for the person for the income year in which the contravention occurred.

Note: This subsection modifies the maximum pecuniary penalty that a body corporate can be ordered to pay for a contravention of subsection (8).

Division 3—Regulatory powers

31 Monitoring powers

Provisions subject to monitoring

(1) A provision is subject to monitoring under Part 2 of the Regulatory Powers Act if it is:

(a) a provision of this Act; or

(b) an offence against the *Crimes Act 1914* or the *Criminal Code* that relates to this Act.

Note 1: Part 2 of the Regulatory Powers Act creates a framework for monitoring whether this Act has been complied with. It includes powers of entry and inspection.

Note 2: The provisions mentioned in this subsection are not subject to monitoring under Part 2 of the Regulatory Powers Act before the enforcement day: see subsection 37(5) of this Act.

Information subject to monitoring

(2) Information given in compliance or purported compliance with a provision of this Act is subject to monitoring under Part 2 of the Regulatory Powers Act.

Note 1: Part 2 of the Regulatory Powers Act creates a framework for monitoring whether the information is correct. It includes powers of entry and inspection.

Note 2: The information mentioned in this subsection is not subject to monitoring under Part 2 of the Regulatory Powers Act before the enforcement day: see subsection 37(5) of this Act.

Related provisions, authorised applicant, authorised person, issuing officer, relevant chief executive and relevant court

(3) For the purposes of Part 2 of the Regulatory Powers Act, as that Part applies in relation to the provisions mentioned in subsection (1) and the information mentioned in subsection (2):

(a) there are no related provisions; and

(b) the Regulator and each authorised officer is an authorised applicant; and

(c) the Regulator and each authorised officer is an authorised person; and

(d) an issuing officer (as defined in section 5 of this Act) is an issuing officer; and

(e) the Regulator is the relevant chief executive; and

(f) each relevant court (as defined in section 5 of this Act) is a relevant court.

Person assisting

(4) An authorised person may be assisted by other persons in exercising powers or performing functions or duties under Part 2 of the Regulatory Powers Act in relation to the provisions mentioned in subsection (1) or information mentioned in subsection (2).

Extension to external Territories etc.

(5) Part 2 of the Regulatory Powers Act, as it applies in relation to the provisions mentioned in subsection (1) and the information mentioned in subsection (2), extends to every external Territory.

32 Investigation powers

Provisions subject to investigation

(1) A provision is subject to investigation under Part 3 of the Regulatory Powers Act if it is:

(a) a civil penalty provision of this Act; or

(b) an offence against the *Crimes Act 1914* or the *Criminal Code* that relates to this Act.

Note 1: Part 3 of the Regulatory Powers Act creates a framework for investigating whether a provision has been contravened. It includes powers of entry, search and seizure.

Note 2: The provisions mentioned in this subsection are not subject to investigation under Part 3 of the Regulatory Powers Act before the enforcement day: see subsection 37(6) of this Act.

Related provisions, authorised applicant, authorised person, issuing officer, relevant chief executive and relevant court

(2) For the purposes of Part 3 of the Regulatory Powers Act, as it applies in relation to evidential material that relates to a provision mentioned in subsection (1):

(a) there are no related provisions; and

(b) the Regulator and each authorised officer is an authorisedapplicant; and

(c) the Regulator and each authorised officer is an authorised person; and

(d) an issuing officer (as defined in section 5 of this Act) is an issuing officer; and

(e) the Regulator is the relevant chief executive; and

(f) each relevant court (as defined in section 5 of this Act) is a relevant court.

Person assisting

(3) An authorised person may be assisted by other persons in exercising powers or performing functions or duties under Part 3 of the Regulatory Powers Act in relation to evidential material that relates to a provision mentioned in subsection (1).

Extension to external Territories etc.

(4) Part 3 of the Regulatory Powers Act, as it applies in relation to a provisionmentioned in subsection (1), extends to every external Territory.

33 Civil penalty provisions

Enforceable civil penalty provisions

(1) Each civil penalty provision of this Act is enforceable under Part 4 of the Regulatory Powers Act.

Note 1: Part 4 of the Regulatory Powers Act allows a civil penalty provision to be enforced by obtaining an order for a person to pay a pecuniary penalty for the contravention of the provision.

Note 2: Each civil penalty provision of this Act does not apply in relation to conduct engaged in before the enforcement day: see subsection 37(1) of this Act.

Authorised applicant

(2) For the purposes of Part 4 of the Regulatory Powers Act, the Regulator is an authorised applicant in relation to the civil penalty provisions of this Act.

Relevant court

(3) For the purposes of Part 4 of the Regulatory Powers Act, each relevant court (as defined in section 5 of this Act) is a relevant court in relation to the civil penalty provisions of this Act.

Liability of Crown

(4) Part 4 of the Regulatory Powers Act, as that Part applies in relation to the civil penalty provisions of this Act, does not make the Crown in right of the Commonwealth liable to a pecuniary penalty.

Mistake of fact—bodies corporate

(5) A body corporate can only rely on section 95 of the Regulatory Powers Act (mistake of fact) in respect of conduct that would, apart from this section, constitute a contravention on its part of a civil penalty provision of this Act if:

(a) the employee, agent or officer of the body corporate who carried out the conduct was under a mistaken but reasonable belief about facts that, had they existed, would have meant that the conduct would not have contravened the civil penalty provision; and

(b) the body corporate proves that it exercised due diligence to prevent the conduct.

(6) A failure to exercise due diligence may be evidenced by the fact that the prohibited conduct was substantially attributable to:

(a) inadequate corporate management, control or supervision of the conduct of one or more of its employees, agents or officers; or

(b) failure to provide adequate systems for conveying relevant information to relevant persons in the body corporate.

Extension to external Territories etc.

(7) Part 4 of the Regulatory Powers Act, as it applies in relation to the civil penalty provisionsof this Act, extends to every external Territory.

34 Infringement notices

Provisions subject to an infringement notice

(1) A civil penalty provision of this Act is subject to an infringement notice under Part 5 of the Regulatory Powers Act.

Note 1: Part 5 of the Regulatory Powers Act creates a framework for using infringement notices in relation to provisions.

Note 2: Each civil penalty provision of this Act does not apply in relation to conduct engaged in before the enforcement day: see subsection 37(1) of this Act.

Infringement officer

(2) For the purposes of Part 5 of the Regulatory Powers Act, each of the following persons is an infringement officer in relation to the provisions mentioned in subsection (1):

(a) the Regulator;

(b) a person appointed as an infringement officer under subsection 36(1).

Relevant chief executive

(3) For the purposes of Part 5 of the Regulatory Powers Act, the Regulator is the relevant chief executive in relation to the provisions mentioned in subsection (1).

Liability of Crown

(4) Part 5 of the Regulatory Powers Act, as that Part applies in relation to the provisions mentioned in subsection (1), does not make the Crown in right of the Commonwealth liable to be given an infringement notice.

Extension to external Territories etc.

(5) Part 5 of the Regulatory Powers Act, as it applies in relation tothe provisions mentioned in subsection (1), extends to every external Territory.

35 Appointment of authorised officers

(1) The Regulator may, in writing, appoint an APS employee who holds or performs the duties of an Executive Level 1 position, or an equivalent or higher position, as an authorised officer for the purposes of this Act.

(2) The Regulator must not appoint a person as an authorised officer unless the Regulator is satisfied that the person has the knowledge or experience necessary to properly exercise the powers of an authorised officer.

(3) An authorised officer must, in exercising powers as such, comply with any directions of the Regulator.

(4) If a direction is given under subsection (3) in writing, the direction is not a legislative instrument.

36 Appointment of infringement officers

(1) The Regulator may, in writing, appoint an APS employee who holds or performs the duties of an Executive Level 2 position, or an equivalent or higher position, as an infringement officer for the purposes of this Act.

(2) The Regulator must not appoint a person as an infringement officer unless the Regulator is satisfied that the person has the knowledge or experience necessary to properly exercise the powers of an infringement officer.

(3) An infringement officer must, in exercising powers as such, comply with any directions of the Regulator.

(4) If a direction is given under subsection (3) in writing, the direction is not a legislative instrument.

Division 4—Delayed compliance and enforcement powers

37 Delayed compliance and enforcement powers

Application of civil penalty provisions

(1) Each civil penalty provision of this Act does not apply in relation to conduct engaged in before the enforcement day.

(2) The ***enforcement day*** is the day occurring 12 months after the commencement of this section.

Publishing information regarding non‑compliance

(3) The Regulator must not publish information in relation to a reporting entity under subsection 22(1) because of a failure by the entity before the enforcement day to comply with this Act.

Audit powers

(4) The Regulator must not give a reporting entity a notice under subsection 30(2) (requiring the entity to arrange an audit) before the enforcement day.

Monitoring powers

(5) The provisions and information mentioned in subsections 31(1) and (2) are not subject to monitoring under Part 2 of the Regulatory Powers Act before the enforcement day.

Investigation powers

(6) The provisions mentioned in subsection 32(1) are not subject to investigation under Part 3 of the Regulatory Powers Act before the enforcement day.

Part 5—Protected information

Division 1—Introduction

38 Simplified outline of this Part

Information (called protected information) may be obtained under, or in accordance with, this Act.

This Part sets out the circumstances in which that information may be used or disclosed.

An entrusted person may commit an offence if the person uses or discloses the information other than in certain circumstances.

Note 1: Division 2 provides authorisations for the purposes of the *Privacy Act 1988* and other laws (including the common law).

Note 2: Use, in relation to information, includes making a record of the information (see the definition of ***use*** in section 5).

Division 2—Authorised use or disclosure

39 Performing functions or exercising powers under this Act

An entrusted person may use or disclose protected information in performing functions or duties or exercising powers under this Act.

40 Policy development

An entrusted person may use protected information, or disclose protected information to another entrusted person, for the purposes of policy development.

41 Proceedings etc.

An entrusted person may disclose protected information:

(a) to a court or tribunal, or in accordance with an order of a court or tribunal, for the purposes of proceedings; or

(b) to a coronial inquiry, or in accordance with an order of a coroner, for the purposes of a coronial inquiry.

42 Enforcement related activity

(1) An entrusted person may use protected information, or disclose protected information to an enforcement body, if the person reasonably believes that the use or disclosure is reasonably necessary for, or directly related to, one or more enforcement related activities being conducted by, or on behalf of, the enforcement body.

(2) An enforcement body to which protected information is disclosed under subsection (1) may use or disclose the information for the purposes of conducting one or more enforcement related activities.

43 Information required by another Australian law

An entrusted person may use or disclose protected information if the use or disclosure is required under an Australian law other than this Act.

44 Person to whom information relates—disclosure and consent

(1) An entrusted person may disclose protected information to the person to whom the information relates.

(2) An entrusted person may use or disclose protected information for a purpose if the person to whom the information relates has expressly consented to the entrusted person using or disclosing the information for that purpose.

45 Person who provided information

An entrusted person may disclose protected information to the person who provided the information.

Division 3—Unauthorised use or disclosure

46 Unauthorised use or disclosure

Fault‑based offence

(1) A person commits an offence if:

(a) the person is or was an entrusted person; and

(b) the person obtains protected information in the person’s capacity as an entrusted person; and

(c) the person uses or discloses the information; and

(d) the use or disclosure is not authorised by a provision of this Part.

Penalty: Imprisonment for 2 years or 120 penalty units, or both.

Exception for use or disclosure in good faith

(2) Subsection (1) does not apply to a person to the extent that the person uses or discloses protected information in good faith and in purported compliance with a provision in this Part.

Note: A defendant bears an evidential burden in relation to the matter in this subsection (see subsection 13.3(3) of the *Criminal Code*).

Part 6—Miscellaneous

Division 1—Introduction

47 Simplified outline of this Part

This Part deals with miscellaneous matters, such as the review of decisions, the continuation of certain obligations for former reporting entities, annual reporting, a statutory review and the power to make rules.

This Part also provides for obligations and conduct of entities that do not have legal personality to be attributed to legal persons.

In addition, this Part provides that certain entities are taken to have become reporting entities before the commencement day, with their first reporting periods starting on or after the commencement day. It also provides for further time after the commencement day for entities to voluntarily elect to become reporting entities.

Note: See section 97 of the Regulatory Powers Act in relation to civil penalty provisions contravened by employees, agents or officers of bodies corporate.

Division 2—Treatment of certain kinds of entities

48 Treatment of partnerships

(1) This Act applies to a reporting entity that is a partnership with the changes set out in this section.

(2) An obligation that would otherwise be imposed on the partnership by this Act is imposed on each partner instead, but may be discharged by any of the partners.

(3) A civil penalty provision of this Act that would otherwise have been contravened by the partnership is taken to have been contravened by each partner in the partnership, at the time the provision was contravened, who:

(a) did the relevant act or made the relevant omission; or

(b) aided, abetted, counselled or procured the relevant act or omission; or

(c) was in any way knowingly concerned in, or party to, the relevant act or omission (whether directly or indirectly and whether by any act or omission of the partner).

(4) For the purposes of this Act, a change in the composition of a partnership does not affect the continuity of the partnership.

49 Treatment of unincorporated associations or bodies of persons

(1) This Act applies to a reporting entity that is an unincorporated association or body of persons with the changes set out in this section.

(2) An obligation that would otherwise be imposed on the association or body of persons by this Act is imposed on each member of the committee of management of the association or body instead, but may be discharged by any of those members.

(3) A civil penalty provision of this Act that would otherwise have been contravened by the unincorporated association or body of persons is taken to have been contravened by each member of the committee of management of the association or body, at the time the provision was contravened, who:

(a) did the relevant act or made the relevant omission; or

(b) aided, abetted, counselled or procured the relevant act or omission; or

(c) was in any way knowingly concerned in, or party to, the relevant act or omission (whether directly or indirectly and whether by any act or omission of the member).

50 Treatment of trusts and superannuation funds and approved deposit funds that are trusts

(1) This Act applies with the changes set out in this section to each of the following entities (the ***relevant entity***) that is a reporting entity:

(a) a trust;

(b) a superannuation fund or approved deposit fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) that is a trust.

Relevant entities with a single trustee

(2) If the relevant entity has a single trustee:

(a) an obligation that would otherwise be imposed on the relevant entity by this Act is imposed on the trustee instead; and

(b) a civil penalty provision of this Act that would otherwise have been contravened by the relevant entity is taken to have been contravened by the trustee.

Relevant entities with multiple trustees

(3) If the relevant entity has 2 or more trustees:

(a) an obligation that would otherwise be imposed on the relevant entity by this Act is imposed on each trustee instead, but may be discharged by any of the trustees; and

(b) a civil penalty provision of this Act that would otherwise have been contravened by the relevant entity is taken to have been contravened by each trustee of the relevant entity, at the time the provision was contravened, who:

(i) did the relevant act or made the relevant omission; or

(ii) aided, abetted, counselled or procured the relevant act or omission; or

(iii) was in any way knowingly concerned in, or party to, the relevant act or omission (whether directly or indirectly and whether by any act or omission of the trustee).

Division 3—Reviewable decisions

51 Reconsideration and review of decisions

A decision mentioned in an item in column 1 of the following table that is made by the Regulator under the provision mentioned in column 2 of that item is a ***reviewable decision***.

| Reviewable decisions | | |
| --- | --- | --- |
| Item | Column 1  Decision | Column 2  Provision |
| 1 | A decision not to determine that an entity has ceased to be a reporting entity | Subsection 7(3) |
| 2 | A decision not to allow further time to give a payment times report | Subsection 13(4) |
| 3 | A decision to publish the identity of an entity or details of non‑compliance | Subsection 22(1) |

52 Application for reconsideration of reviewable decision

(1) If another provision of this Act requires written notice to be given of a reviewable decision, the notice must include:

(a) the reasons for the decision; and

(b) information regarding a person’s rights to seek reconsideration or review of the decision under this section.

(2) A person whose interests are affected by a reviewable decision may apply, in writing, to the Regulator for the Regulator to reconsider the decision.

(3) The application must:

(a) set out the reasons for the application; and

(b) be given to the Regulator within 14 days after the applicant is notified of the decision.

53 Reconsideration of reviewable decision

(1) After receiving the application, the Regulator must:

(a) personally reconsider the decision to which the application relates; or

(b) cause the decision to be reconsidered by a delegate of the Regulator who:

(i) was not involved in making the decision; and

(ii) occupies a position that is at least the same level as that occupied by the person who made the decision.

The person who reconsiders the decision is the ***internal decision reviewer***.

(2) After reconsidering the reviewable decision, the internal decision reviewer must:

(a) affirm the decision; or

(b) vary the decision; or

(c) set the decision aside and substitute a new decision.

(3) After the internal decision reviewer makes the reconsideration decision, the reviewer must give written notice of the following to the applicant:

(a) the reconsideration decision;

(b) the date that decision takes effect;

(c) the reason for that decision.

Note: Section 27A of the *Administrative Appeals Tribunal Act 1975* requires the applicant to be notified of the applicant’s review rights.

(4) The internal decision reviewer is taken to have affirmed the reviewable decision if the reviewer does not give notice of the reconsideration decision to the applicant within 90 days after receiving the application.

(5) The reconsideration decision is taken to have been made under the provision under which the reviewable decision was made other than for the purposes of section 52.

(6) The Regulator must, as soon as is practicable, give the Secretary a copy of a notice given under subsection (3).

54 Review by the Administrative Appeals Tribunal

Applications may be made to the Administrative Appeals Tribunal for review of a reconsideration decision of an internal decision reviewer.

Division 4—Other matters

54A Application—certain entities taken to have become reporting entities before commencement day

(1) This section applies if:

(a) an income year (the ***relevant income year***) for a constitutionally covered entity started 6 months or less before the commencement day; and

(b) the entity would have been covered by subsection 7(2) at the start of the relevant income year had this Act been in force at that time.

(2) The entity is taken to have become a reporting entity at the start of the relevant income year.

Note: The entity continues to be a reporting entity until it ceases to be a reporting entity under subsection 7(3) or (4).

(3) Despite paragraph 8(a), the first 6 months of the relevant income year is not a reporting period for the entity.

54B Application—further time after commencement day for voluntary election to become reporting entity

(1) This section applies if:

(a) an income year (the ***relevant income year***) for a constitutionally covered entity started:

(i) 6 months or less before the commencement day; or

(ii) within the period of 2 months starting on the commencement day; and

(b) the entity gives the Regulator notice in writing that the entity elects to become a reporting entity; and

(c) the notice is given after the start of the relevant income year but within the period of 2 months starting on the commencement day.

(2) The election is taken to have been made under paragraph 7(1)(b), and the entity is taken to have become a reporting entity at the start of the relevant income year.

Note 1: An entity that is only a reporting entity because of an election under paragraph 7(1)(b) is a volunteering entity: see section 5.

Note 2: The entity continues to be a reporting entity until it ceases to be a reporting entity under subsection 7(3) or (4).

(3) If the relevant income year started before the commencement day, then, despite paragraph 8(a), the first 6 months of the relevant income year is not a reporting period for the entity.

55 Former reporting entities

Obligation to report

(1) The requirement for a reporting entity to give the Regulator a payment times report for a reporting period for the entity under section 12 continues to apply to the entity if:

(a) the entity has not given the Regulator a payment times report for the reporting period under that section; and

(b) the entity ceases to be a reporting entity at any time after the end of the reporting period.

Other rights and obligations

(2) The following provisions continue to apply to an entity that has ceased to be a reporting entity, as if it were still a reporting entity:

(a) section 15 (civil penalty provision for failure to report);

(b) section 16 (false or misleading reports);

(c) Division 3 of Part 2 (access to payment times reports);

(d) Division 2 of Part 4 (obligations of reporting entities);

(e) Division 2 of this Part (treatment of certain kinds of entities).

56 Annual report

The annual report prepared by the Secretary and given to the Minister under section 46 of the *Public Governance, Performance and Accountability Act 2013* for a period must include a report from the Regulator on the operation of this Act during the period.

57 Protection against civil liability

(1) This section applies to:

(a) the Commonwealth; and

(b) the Regulator; and

(c) a delegate of the Regulator (see section 27); and

(d) an APS employee in the Department who has been made available to assist the Regulator.

(2) No action for defamation, breach of confidence or infringement of copyright lies against a person mentioned in subsection (1) for or in relation to an act done or omitted to be done in good faith:

(a) in the performance or purported performance of any functions under this Act; or

(b) in the exercise or purported exercise of any powers under this Act.

57A Review of operation of this Act

(1) The Minister must cause an independent review of the operation of this Act to be conducted within 6 months after the second anniversary of the commencement day.

Note: The reference to this Act includes the rules: see the definition of ***this Act*** in section 5.

(2) The persons who conduct the review must give the Minister a written report of the review.

(3) The Minister must cause a copy of the report to be tabled in each House of the Parliament within 15 sitting days of that House after the report is given to the Minister.

57B Requirements for review

(1) Without limiting section 57A, the review must consider the following:

(a) whether the operation of this Act is meeting the objects set out in section 3;

(b) whether related government policies, including policies relating to electronic invoicing, have improved the payment terms and practices of reporting entities in relation to their small business suppliers;

(c) whether other measures such as mandating one or more maximum periods (the ***mandated maximum payment periods***) for the payment of small business invoices by reporting entities would be more effective in improving those payment terms and practices.

(2) In considering mandated maximum payment periods, the review must consider the following:

(a) how mandated maximum payment periods could best be implemented, taking into account:

(i) potential regulatory burdens on reporting entities; and

(ii) the need to avoid unintended consequences for small businesses;

(b) the mandated maximum payment periods that would be appropriate to improve payment terms and practices, including:

(i) whether mandated maximum payment periods of 30 days, 20 days, or 10 days or less would be appropriate; and

(ii) whether mandated maximum payment periods of 5 days would be appropriate if electronic invoicing were used;

(c) the impact of sector or industry‑specific differences, including how mandated maximum payment periods could be imposed on sectors and industries with differing payment terms and practices;

(d) the compliance or enforcement arrangements that would be appropriate to support mandated maximum payment periods, including whether a penalty regime should be established for the following purposes:

(i) to require a reporting entity to pay small business invoices issued to the entity within a specified period, if the entity has a median payment period for small business invoices issued to the entity that is longer than the mandated maximum payment period;

(ii) to require a reporting entity that has failed to pay a small business invoice issued to the entity within the period specified in the terms of the relevant contract to pay interest on that payment.

58 Rules

(1) The Minister may, by legislative instrument, make rules prescribing matters:

(a) required or permitted by this Act to be prescribed by the rules; or

(b) necessary or convenient to be prescribed for carrying out or giving effect to this Act.

(2) To avoid doubt, the rules may not do the following:

(a) create an offence or civil penalty;

(b) provide powers of:

(i) arrest or detention; or

(ii) entry, search or seizure;

(c) impose a tax;

(d) set an amount to be appropriated from the Consolidated Revenue Fund under an appropriation in this Act;

(e) directly amend the text of this Act.

(3) Despite subsection 14(2) of the *Legislation Act 2003*, rules made for the purposes of the definition of ***Payment Times Small Business Identification Tool*** in section 5 of this Act may make provision in relation to a matter by applying, adopting or incorporating, with or without modification, any matter contained in an instrument or other writing as in force or existing from time to time.

[*Minister’s second reading speech made in—*

*House of Representatives on 13 May 2020*

*Senate on 12 June 2020*]

(62/20)