

NSW Treasury

NSW Government Faster Payment Terms Policy

TPG25-04

3 April 2025

Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:

Regeneration by Josie Rose



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Key information	
Treasury Policy and Guidelines (TPG) is relevant to?	<input checked="" type="checkbox"/> GSF Agencies <input checked="" type="checkbox"/> General Government Sector <input checked="" type="checkbox"/> Public non-financial corporation <input checked="" type="checkbox"/> Public financial corporation <input type="checkbox"/> State Owned Corporations <input type="checkbox"/> Other
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Document approver	Michael Coutts-Trotter, Secretary, NSW Treasury
Contact	General enquiries concerning this document should be directed to: Banking Policy, Banking and Financial Services, NSW Treasury; bankingpolicy@treasury.nsw.gov.au .
Document contains	
<input checked="" type="checkbox"/> MANDATORY POLICY compliance set out by NSW Treasury.	
<input checked="" type="checkbox"/> RECOMMENDED POLICY reflecting best practice standards.	

Key information

GUIDANCE/ADDITIONAL INFORMATION to provide clarity or explain requirements in detail.

Revision history				
Document version number	Approval Date	Author	Approver	Description

FASTER PAYMENT TERMS POLICY

Purpose

The Faster Payment Terms Policy sets out the payment terms for businesses that supply goods and services to Government Sector Finance (GSF) agencies.

In recognition of small businesses' economic and social value to the State economy and local communities, the NSW Government has established a Small Business Charter and Action Plan, with the aim of backing small businesses. [DCS-2024-02 Charter for Small Business \(nsw.gov.au\)](#)

The Faster Payment Terms policy aligns with action 3.4 of Action Plan, to deliver faster payments to small businesses, which assists with their cash flow and reduces the cost of supplying to the NSW Government.

Background

This policy builds on the Small Business Commissioner-issued *Faster Payment Terms policy (2018)* which focused on small business suppliers. The issuance of this policy has the effect of moving the existing policy to NSW Treasury, which was one of the key recommendations of Treasury's 2023 review of the existing policy. [Faster Payment Terms Review \(nsw.gov.au\)](#)

Principles

The following principles guiding this Policy intend to:

- promote and facilitate early payment to small business suppliers to support their financial viability and improve their capacity to supply to Government, and
 - support the Government's goal of increasing the share of Government spend that goes to small businesses.
-

Related legal obligations and policies

- *Government Sector Finance Act 2018* (GSF Act)

Under the GSF Act, the Treasurer is responsible for the management of financial services (includes services for a payment) and for the issuance of Treasurer's Directions (section 3.1, 6.6, and 6.15).

- *Government Sector Finance Regulation 2024* (GSF Regulation)

Regulation 8(1)(f) of the GSF Regulation, provides for the issuance of Treasurer's Directions covering payments by GSF agencies of suppliers for goods and services, and the setting of supplier payment times.

- Treasurer's Direction TD23-18 Management of Cash, Banking and Payments.

The Direction sets mandatory requirements in relation to a payment received and a payment made by an agency. Under this Direction, clauses 5(1)(iv) and 5(1)(v) provide for Treasury to set supplier payment times and determine the payment data to be captured.

- Treasury Policy TPG24-01 Management of NSW Government Payments

The Policy expands on TD23-18 and sets mandatory and recommended requirements in relation to payments received and payments made by an agency.

- *Building and Construction Industry Security of Payment Act 1999*

The Act sets out payment times for head contractors and for sub-contractors who provide materials and services associated with construction projects.

- Procurement Board Direction PRD-2023-04 Mandated registration of all NSW government suppliers on the buy.nsw Supplier Hub

The Direction sets out the requirements for when business suppliers to Government must register on buy.nsw Supplier Hub.

Summary of Requirements

1. Payment terms

Mandatory

A GSF agency must, subject to exclusions and the limits of the application of this policy:

- 1.1 pay small business supplier invoices within 5 business days of receipt of a correctly rendered invoice, and
- 1.2 provide Treasury with data required for monitoring and reporting on compliance against this policy.

A GSF agency must by 30 April 2027, subject to exclusions and the limits of the application of this policy:

- 1.3 pay at least 80% of eligible invoices from registered small suppliers within five business days of receipt of a correctly rendered invoice.

Recommendations

A GSF agency:

- 1.4 should integrate the Faster Payment Terms Policy into their broader supplier payment policies.
- 1.5 should use the Department of Customer Service's integration tools to automate the delivery of up-to-date small business supplier data.
- 1.6 that is an excluded agency should apply the five business day payment terms for small suppliers.
- 1.7 Is advised to consider the impact of late payments to small business and follow the agency's own policy as to whether to pay interest on significantly late small business payments.

2. Reporting of non-compliance under the mandates in this policy

Mandatory

- 2.1 From 31 October 2025, a GSF agency that makes supplier payments, must report to Treasury, any non-compliance of mandated points 1.1 and 1.2.

1. Payment Terms

This section applies to GSF agencies making payments to suppliers of goods and services.

Mandatory

A GSF agency must, subject to exclusions and the limits of the application of this policy:

- 1.1 pay small business supplier invoices within 5 business days of receipt of a correctly rendered invoice, and
- 1.2 provide Treasury with data required for monitoring and reporting on compliance against this policy.

A GSF agency must by 30 April 2027, subject to exclusions and the limits of the application of this policy:

- 1.3 pay at least 80% of eligible invoices from registered small suppliers within five business days of receipt of a correctly rendered invoice.

Recommendations

A GSF agency:

- 1.4 should integrate the Faster Payment Terms Policy into their broader supplier payment policies.
- 1.5 should use the Department of Customer Service's integration tools to automate the delivery of up-to-date small business supplier data.
- 1.6 that is an excluded agency should apply the five business day payment terms for small suppliers.
- 1.7 Is advised to consider the impact of late payments to small business and follow the agency's own policy as to whether to pay interest on significantly late small business payments.

Guidance

Scope:

This policy applies to the procurement of all goods or services by a GSF agency, within the meaning of sections 2.4 and 2.5 of the *Government Sector Finance Act 2018* (GSF).

Exclusions:

This policy **does not apply to:**

- New South Wales Treasury Corporation (TCorp),
- State Owned Corporations,

- Crown Land Managers, which has the same meaning as in the Crown Land Management Act 2016,
- Commons Trusts, which means a trust established under the Commons Management Act 1989, section 4(1), and
- Universities, which means a university established or continued by an Act of New South Wales.

Treasury recommends that excluded agencies consider applying this policy in keeping with the spirit of NSW Government's objectives of supporting small businesses.

This policy does not apply:

- if procuring and consuming goods and services overseas, or in currencies other than AUD,
- if procuring real property, including leases and licences,
- if procuring financial instruments,
- if procuring from a GSF agency or other Government entity,
- to construction work or the provision of goods or services under a construction contract, which is subject to the Building and Construction Industry Security of Payment Act 1999 (NSW), and
- where the payment arises from a non-procurement arrangement, such as a grant.

Application of this Policy:

- Agencies are encouraged to make use of the integration tools offered by the Department of Customer Service as part of its buy.nsw platform, to automate ingestion of registered small supplier information into agency systems.
- For agencies that do not implement automated ingestion of registered small supplier information, Treasury will provide a list of registered small business suppliers to all agencies each month. The agency should use this list to update their systems to apply the 5-day payment term for each registered small business supplier.
- A small business is defined as an Australian or New Zealand-based firm that has less than 20 full time employees (or full-time equivalents) and is not a subsidiary of, partner with, or joint enterprise connected to, a medium or large business.

Correctly Rendered Invoice (refer 1.1)

An agency must only make a supplier payment on production of a correctly rendered invoice where all relevant payment conditions specified in a given contract have been met.

A correctly rendered invoice is an Australian Tax Office (ATO) compliant invoice which:

- meets the requirements of the approved purchase order, where applicable. This may not apply when paying by Purchase Card or purchasing from an approved purchasing catalogue,
- is for amounts correctly calculated,
- uses such method of delivery as notified by the agency to the supplier, which may include the requirement to use an electronic invoicing solution nominated by the agency,
- is for work properly performed e.g. goods received in good condition or services carried out, and
- complies with any other specific agency requirements, e.g. terms of trade.

Each agency must advise its suppliers of its requirements directly or by publishing information on its website.

Reporting (refer 1.2)

Faster Payment Terms compliance reporting will be prepared by Treasury using agency spend data submitted to NSW Procurement's Spend Cube application.

Agencies must target an 80% compliance with the five business day terms for invoice payments by 30 April 2027.

For reporting of agency compliance:

- GSF agencies must submit their supplier spend data to NSW Procurement's Spend Cube application.
- Table 1 lists the minimum data fields required for calculating payment times performance. This is a sub-set of accounts payable, vendor master, and payment order data fields that are typically submitted to Spend Cube.
- GSF agencies that make supplier payments but do not submit spend data to Spend Cube, should contact NSW Procurement via analytics@treasury.nsw.gov.au, to set-up reporting to Spend Cube.
- To calculate the 'payment time':
 - the payment time is the number of business days between the Invoice Received Date and the Payment Date, refer Table 1.
 - Where Invoice Received Date is not provided by an agency, Invoice Date will be used.
 - For example, an Invoice Received Date of 15 January and Payment Date of 21 January equals a payment time of 4 days.
- Payments where the PO Issue Date falls after the Invoice date will be excluded from the calculation of payment times reporting but will be separately reported to highlight non-compliance with Purchase Order procurement policies.
- Treasury will share Faster Payment Terms performance with agencies, and work with agencies to improve performance against this policy.

Table 1: data fields required for small business payment times reporting.

Field Name	Description
Agency (string)	1st level org structure. Name of Entity or Agency Group (formally 'Cluster')
Vendor Number/ID/Code (string)	Unique Identifier of a supplier e.g. 12345
Vendor Name (string)	Registered name of the vendor in the system
Vendor ABN (string)	Australian Business Number
PO Number (string)	Unique number generated by the system after the requisition is approved
PO Issue Date. If no PO Issue Date is available, then PO Creation Date.	Date the PO is issued
Invoice Number and/or Invoice ID (string)	Unique number on vendors tax invoices
Invoice Date (date, DMY)	Original date of invoice

Field Name	Description
Payment date (date, DMY)	This field refers to the value date that the agency instructs a financial institution to make payment to the supplier
Invoice received date ["Scan Date" in Spend Cube specification] (date, DMY)	The business day which an agency's authorised area (such as Shared Services or Accounts Payable) receives a correctly rendered invoice before 4pm)
Invoice Total Ex GST (floating point)	Total Invoice Amount Excludes GST

Payment Methods

The payment methods applicable to supplier payments, including use of Purchase Cards, under this policy are reflected within TPG 24-01.

Interest Payments

GSF agencies may pay interest on late accounts if included in the agency's supplier payment policy. Agencies are advised to consider the impact of late payments to small business and use their discretion to pay interest on significantly late small business payments.

Electronic invoicing

Refer to TPG24-01, which mandates that GSF agencies must offer and encourage the use of eInvoicing from their suppliers, with Peppol eInvoicing as the preferred technology solution.

2. Reporting of non-compliance under the mandates in this policy

This section applies to a GSF agency.

Mandatory

2.1 From 31 October 2025, a GSF agency that makes supplier payments, must report to Treasury, any non-compliance of mandated points 1.1 and 1.2.

From 31 October 2025, an agency must report on any non-compliance from the mandated requirements under this Policy.

Agency reporting should include reasons for non-compliance, impact, and an action plan to achieve compliance in accordance with the attached template (Appendix C)

Appendix A: Definitions

Term	Definition
Business Day	Business days is not a Saturday, Sunday, public holiday, or a day during the NSW Government Christmas Closedown.
Buy.nsw Supplier Hub	NSW Government platform enabling businesses interested in supplying goods or services to connect with Government buyers and agencies.
Large business	Large businesses are those with 200 or more full time employees.
Medium business	Medium businesses are those with 20-199 full time employees.
Peppol eInvoicing network	<p>Peppol is an international eProcurement framework. A secure international network that allows exchange of business-critical electronic documents with registered participants.</p> <p>The Australian Government announced the adoption of Peppol in 2019 and mandated Peppol eInvoicing across Commonwealth agencies from 1 July 2022.</p> <p>Benefits of sending invoices via Peppol include uplifting small businesses' digital enablement, improved efficiency through better internal processing, faster payment timeframes for government suppliers and reduced administrative delays and payment issues.</p>
Small business	A small business is defined as an Australian or New Zealand-based firm that has less than 20 full time employees (or full-time equivalents) and is not a subsidiary of, partner with, or joint enterprise connected to, a medium or large business.
Spend Cube	<p>Is a system developed by NSW Procurement to collect and analyse information related to all of government spending on suppliers of goods and services. The Spend Cube aggregates data on agency expenditures, providing insights into procurement spending patterns.</p> <p>For more information on Spend Cube including how to set-up data submissions, contact NSW Procurement via analytics@treasury.nsw.gov.au.</p>
Supplier	A business providing goods or services to NSW Government agencies.
Supplier payment	The tender of money or its equivalent by one party to another in exchange for goods or services provided.

Appendix B: Links to related legislation

Document Name	Location/Link
<i>Government Sector Finance Act 2018 No 55</i>	https://legislation.nsw.gov.au/view/whole/html/inforce/current/act-2018-055
Government Sector Finance Regulation 2024	https://legislation.nsw.gov.au/view/html/inforce/current/sl-2024-0251
TD23-18 Management of cash, banking and payments	https://www.treasury.nsw.gov.au/documents/td23-18-management-cash-banking-and-payments
<i>Building and Construction Industry Security of Payment Act 1999 No 46</i>	https://legislation.nsw.gov.au/view/html/inforce/current/act-1999-046

Appendix C: Compliance plan

Compliance report	
Agency	
TPG section of non-compliance.	<p><i>Complete for all applicable policy statements, for example:</i></p> <p><i>1.1 pay small supplier within five business days of receipt of a correctly rendered invoice,</i></p> <p><i>or</i></p> <p><i>1.2 provide Treasury with data required for reporting</i></p>
Impact	
Description of non-compliance and related policy statement	<i>Describe the extent of the non-compliance, for each section of the policy that has not been complied with.</i>
Remediation plan	
What is the plan to comply with the policy?	
Are there process, system, or resourcing constraints to meet compliance?	
What is the estimated timeline to deliver on the plan?	
Outline what assistance is needed Banking and Finance to meet compliance obligations, if any.	
Risks	
List any risks in meeting compliance obligations.	

Contact bankingpolicy@treasury.nsw.gov.au for assistance.

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