

Faster payment terms for Rio Tinto's smaller Australian suppliers

18 May 2017

Rio Tinto will reduce the payment terms for Australian suppliers under \$1 million of expenditure to 30 days to help improve the cash flow for thousands of small businesses.

The change will apply to more than 5,500 suppliers and about A\$600 million in annual procurement spending by Rio Tinto in Australia. The new terms, which will commence on 1 July, will be 30 days from the receipt of a correct invoice.

Rio Tinto's managing director Australia Joanne Farrell said "Rio Tinto spends hundreds of millions of dollars purchasing goods and services from small businesses across Australia every year.

"Our procurement spending is vital to many small businesses in Australia and we understand that lengthy payment terms can create cash flow pressures for small to medium sized firms. We are addressing that from the start of the new financial year.

"Faster payment terms will help our smaller suppliers manage cash flow and help our local business partners to grow. A supply chain of strong local suppliers is good for our business, good for local communities and good for the economy."

Almost 300 existing suppliers including Aboriginal businesses and charities are on payment terms of less than 30 days. These arrangements will not change. There are also a significant number of businesses that have negotiated payment terms with Rio Tinto that will not be affected by the 1 July change.

Rio Tinto's current standard terms are 45 days from the end of month after a correct invoice has been received. These terms remain in place for larger businesses.

The change to payment terms will complement Rio Tinto's new procurement programme for Western Australian and Pilbara Aboriginal businesses announced last week. Under the programme, WA businesses will be given greater opportunity to bid for contracts with Rio Tinto's world-leading iron ore business.

Rio Tinto suppliers affected by the change will be contacted before 1 July.

RioTinto

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