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9th March 2020

Department of Industry, Science, Energy and Resources
Industry House
10 Binara Street
Canberra ACT 2600

Submitted via email: paymenttimes@industry.gov.au

5 March 2020

RE: Payment Times Reporting Framework Consultation Paper

To whom it may concern,

Thank you for the opportunity to submit comments in response to the Payment Times Reporting Framework consultation paper.

Our suppliers in Australia are a vital part of our value chain and we understand the importance of paying them in a timely manner. Last month, Rio Tinto took the industry-leading step of introducing 20 day payment terms from the receipt of a valid invoice for small business suppliers. We have also expanded our definition of small supplier from businesses who supply up to \$1 million of goods and services annually to also include suppliers with an annual turnover of up to \$10 million.

We completed the transition of these suppliers to the new payment terms in early February and as a result of this new policy around 90 per cent of Rio Tinto's Australian business suppliers will now be paid within 20 days.

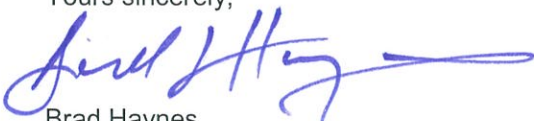
Rio Tinto is continually striving to improve supplier experiences and our on-time supplier payments rate under our previous payment policy – which aligned with the 30 day payment terms recommended by the Australia Supplier Payment Code – was approximately 96 per cent.

The steps Rio Tinto have taken to shorten payment timings, and clarifying the definition of a small supplier, sets an industry standard that other large businesses should also aspire to. Additionally, we support automating a system that identifies small businesses. This would minimise the administrative burden on both businesses and small suppliers and avoid the duplication of businesses asking for the same information. We would welcome an opportunity to be further involved in the consultation process on implementing the new payment terms, utilising our experience with the United Kingdom business payment practices and performance reporting requirements.

Rio Tinto's new payment terms in Australia, and ongoing work to simplify and systemise our procurement processes, reflect a commitment to improve our partnership with suppliers. Rio Tinto has a strong local procurement strategy designed to increase opportunities for Australian businesses to be part of the Rio Tinto supply chain. Rio Tinto's procurement practices, and those of our contractors, help sustain many Australian businesses and, in turn, local communities, indigenous groups, and charities.

Thank you for considering the points made in this letter. Please do not hesitate to Mark Davies Vice President, Global Procurement at VendorFeedback@riotinto.com, or myself if you have any questions.

Yours sincerely,



Brad Haynes
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