

MEDIA RELEASE



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BE ALERT TO EXTENDED PAYMENT TERMS, TRUCKING BODY WARNS

Trucking operators supplying BHP Billiton and other large companies that plan on pushing out their payment terms must be aware of the effects of these extended terms on their businesses, Australian Trucking Association CEO Christopher Melham said today.

Mr Melham was referring to media reports that BHP Billiton will extend payment terms from 30 days to 60 days, but said the warning applied to any operator faced with a supplier looking to stretch payment terms.

“Trucking operators must assess whether they will have sufficient cash flow to support extended payment terms, not just in the first year but in every year of the contract,” Mr Melham said.

“Operators that agree to extended payment terms still need to pay their own creditors on their existing cycles – for example, this could include 21 day payments to fuel suppliers, 30 day payments to small owner-driver subcontractors, and weekly or fortnightly payroll payments.

“Rather than just signing a new contract with extended payment terms, the ATA urges all affected operators to examine their contracts and seek professional advice.

“At its meeting next week, the ATA Council will consider a plan for the ATA to increase its focus on business-to-business issues in response to growing concerns about the trend towards longer payment times, as well as other problematic terms in trucking industry contracts.”

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