



# Media Release

13 April 2017

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## **Report highlights unfairness of delayed payments**

Small businesses being used to finance large multinationals through delayed payments is not on, says Road Transport Forum Chief Executive Ken Shirley.

Commenting on the findings of the Inquiry into Payment Times and Practices in Australia by the Australian Small Business and Family Enterprise Ombudsman (ASBFEO), Mr Shirley says that large corporations here should not be able to bully small businesses into delayed or deferred payment terms.

“What the Australian inquiry found was that there was a growing trend for large companies to extend payment times to their suppliers out to 45, 60, 90 or even 120 days,” says Shirley.

“It also found that large companies extending payment times for suppliers are effectively using those small businesses as a cheap form of finance, which is just wrong.”

“As many in the transport sector and other industries know small businesses run on the smell of an oily rag and rely on good cash flow to stay afloat.”

The Ombudsman has recommended a suite of reforms over there that are designed to protect small business, which include; legislation to set a maximum payment time for business-to-business transactions, a 15-business working day limit on payment terms, and public disclosure of all large company payment terms and performance.

“While the Australian recommendations are a useful guide the law in New Zealand is slightly different, which is why the Road Transport Forum is working on a proposal based around the unfair contract term provisions that already exist in the Fair Trading Act.”

“By extending the provisions that exist for consumer contracts to business-to-business contracts we can restrict the power of large companies to force small businesses into unfair contract terms,” says Shirley.

The Road Transport Forum expects to have a formal proposal to take to government later in the year.

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