

Media Release

Business late payments down nearly 10 percent

21 November 2017 – Australian businesses are finishing the year in good shape, with late payment times down nearly 10 percent on the previous year.

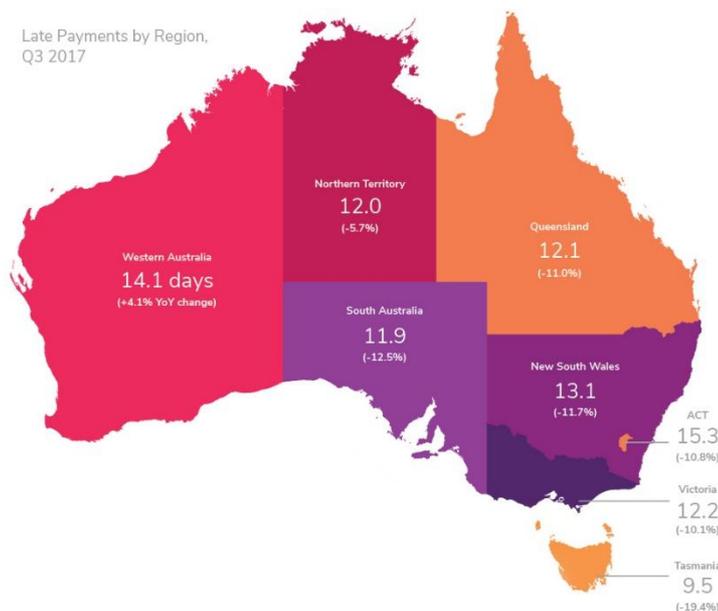
According to the latest analysis by illion, the average late payment time for an Australian business was 12.6 days during the September quarter, down 9.1 percent from 13.9 days during the prior corresponding period. In addition to reducing the length of time for overdue bills, the data shows more businesses are also settling their invoices on time, demonstrating a broad shift in payment behaviour.

illion CEO Simon Bligh said the drop in late payments was a positive sign for the business community. “Payment behaviour helps us track the health of business in real time”, he said.

“If a company’s annual report is like the yearly medical check-up, then payment data is like Fitbit data. Timely payments are a crucial sign of business health. They are critical to small businesses running on slim margins, reducing the risk of job cuts and business failures,” Mr Bligh said.

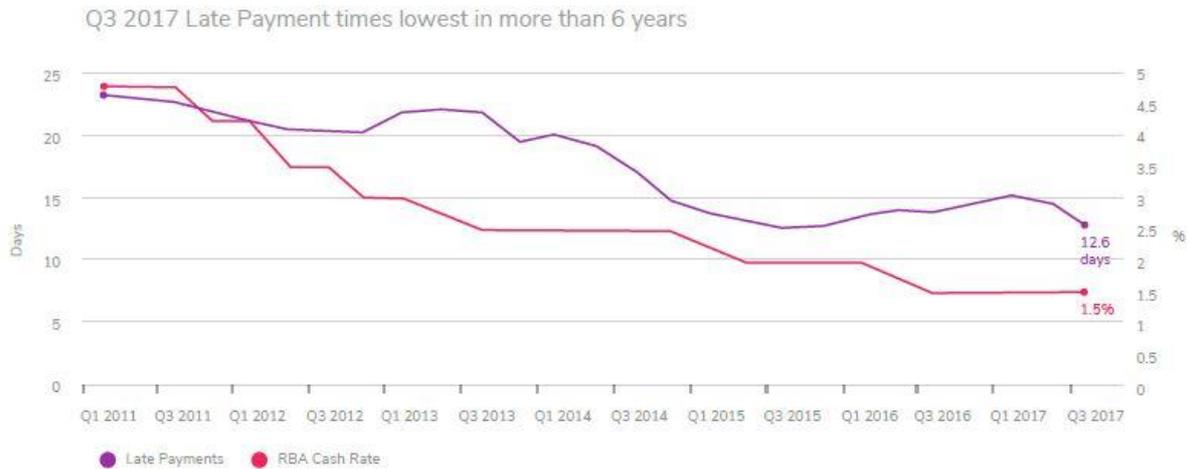
The issue of late payments has been a hot topic this year, the Small Business Ombudsman releasing the results of an inquiry into payment behaviour in March, and the Business Council of Australia issuing its Australian Supplier Payment Code in May.

Stephen Koukoulas, illion Economic Adviser, said the issue was particularly relevant in the nation’s capital. “The ongoing high level of late payments in the ACT is linked to the structure of its economy, where the government sector, which is a large part of the ACT economy, is historically slower than other sectors to pay suppliers.”



The latest data from illion showed that since the middle of 2017, more money has been paid faster across all sectors and locations. Total outstanding debt to the end of September stood at \$27.9 billion, with 66.9 percent of

bills being paid according to invoice terms. Compared to the beginning of the year, that represents an additional \$6.1 billion of capital being injected back into the supply chain faster.



Mr Bligh said that in the current low interest rate environment, businesses have less incentive to sit on cash reserves for prolonged periods.

illion's *Late Payments Survey* provides a quarterly report with a breakdown according to sector, size, age and location of entities. It analyses trade information from illion's Commercial Bureau, the largest database of business-to-business payment information in Australia, capturing more than one million entities.

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Notes to editors

Late Payments provides a quarterly report with a breakdown according to sector, size, age and location of entities. Late Payments analyses trade information from illion's Commercial Bureau, the largest database of business-to-business payment information in Australia, capturing more than one million entities. Monthly trade transaction files are collated and advanced analytics is used to provide a summary of how late entities pay for goods and services after payment is due.

Business-to-business payment information reveals how an organisation is paying its existing obligations. It is a highly predictive data set and a critical element in credit risk scores and business failures forecasting. The predictive nature of trade data combined with its monthly availability enables businesses to properly assess credit risk with real time information.