

| 4th Quarter Analysis 2017

Australian Late Payments



Business payments fastest on record

Late payment times down 17.5% in 2017

Late payment times for Australian business dropped to their lowest level on record in the final quarter of 2017, according to the latest illion analysis. The average late payment time for an Australian business was 11.9 days during the December quarter, down 17.5 percent from 14.4 days during the prior corresponding period. In a further sign of a broad shift in payment behaviour, the percentage of businesses paying their bills on time rose from 60 percent to 68 percent during the same period. Outstanding invoices for the 12 months to December 2017 totalled \$89.6 billion.

“Late payments fell to a fresh record low at the end of 2017, reflecting the more buoyant conditions in the business sector and the favourable cash position of many firms. Late payment times have fallen from around 22 days in 2013 to just 11.9 days in the latest reading for the December quarter.”

Stephen Koukoulas
Illion Economic Adviser

“Each month our trade bureau processes one million lines of data at a match rate of 94 percent and totalling over \$10bn of spend. It is the biggest data set of its kind in Australia, and it is also a highly predictive measure for business failure. During 2017 a combination of regulatory pressure, cashed up businesses, and fintech developments in invoicing and transaction clearing resulted in historically low late payment times across all industries.”

Simon Bligh
Illion CEO



Mining slowest
to pay



ACT records
28.5% annual fall



Late payments
at historic low
11.9 days.

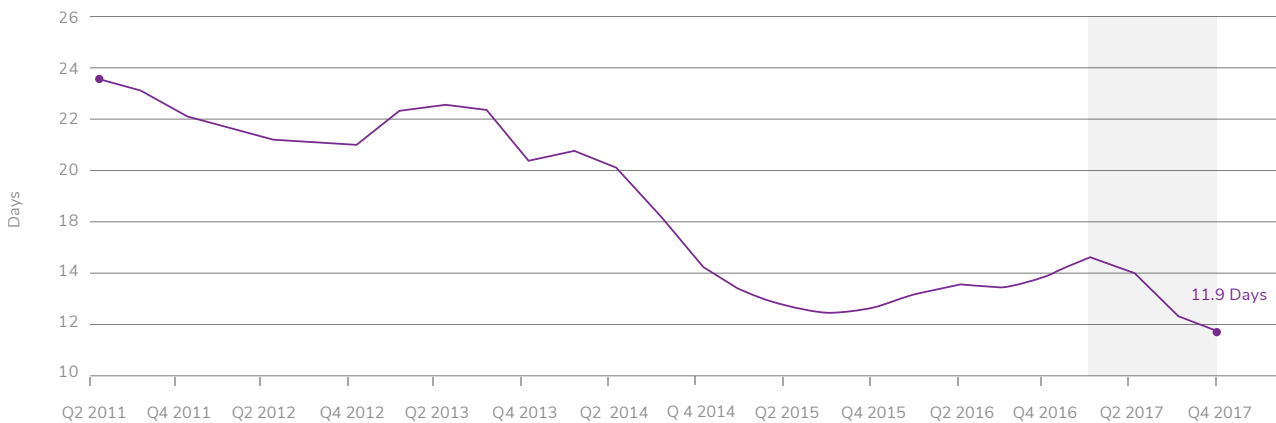


68% of bills paid
on time

Late Payments fell throughout 2017

Late payment times fell during every quarter of 2017, in marked contrast to the trend of sideways or increasing days late which began at the end of 2015 and continued throughout 2016. Some gains were bigger than others, however, as the struggling Retail sector saw minor changes to the average late payment time on an annual basis. Similarly, Western Australia produced the lowest reduction in the December quarter, down 12.5 percent compared to the prior corresponding period.

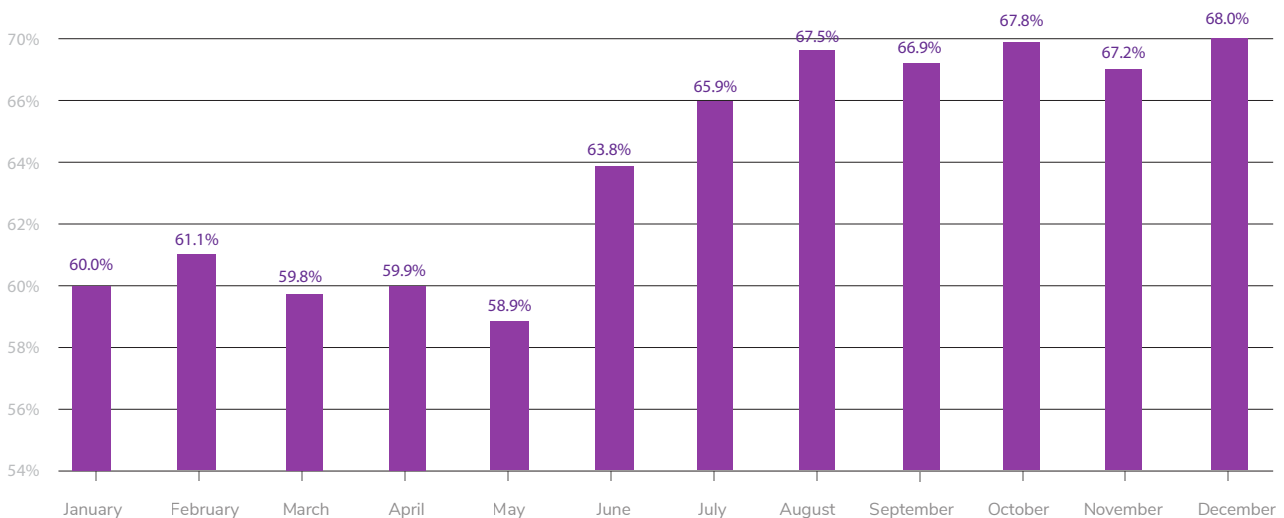
Late Payment times lowest on records



“ These favourable finances are being driven by low interest payments as official interest rates remain at record lows. Another factor likely to be behind the steady decline in late payments is the record low wages being paid, which is also helping to lower running costs and aid cash flows. ”

Stephen Koukoulas
Illion Economic Adviser

Prompt Payments 2017



Late Payments by Sector

Agriculture has had the best late payment time since the beginning of 2015, so it was surprising to see payment times rise 3.1 percent between quarters for this industry. Construction saw the biggest annual change, with late payment times dropping by 17.4 percent in Q4 2017, compared to the prior corresponding period. Embattled retailers had the lowest annual reduction at 3.5 percent.

“Late payments declined across all sectors, but the slowest paying areas remained Mining, Retail, Utilities and Manufacturing. The sectors with the lowest level of late payments were the same as a year ago, Agriculture, Forestry and Services ”

Stephen Koukoulas
Illion Economic Adviser

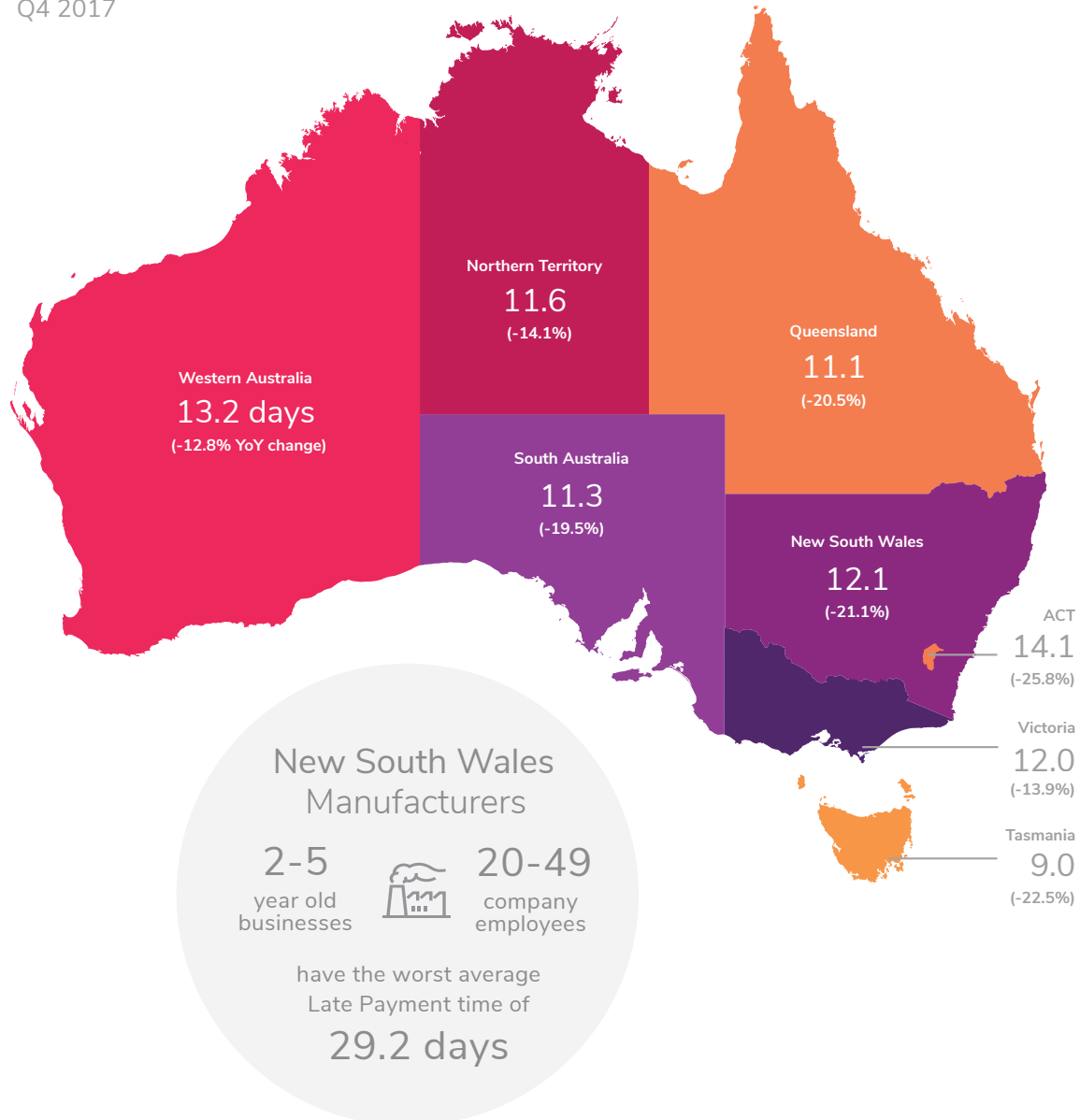
Late Payments by Sector – Q4 2017



Late Payments by Region

Every state and territory saw late payment times decline in 2017, with Tasmania the only region to break into single digits. The ACT saw the most dramatic annual decline, although it started from a high base and remains some way off the national average at 14.1 days.

Late Payments by Region,
Q4 2017



“ While late payments remained the highest in the ACT, largely as a result of the government being tardy in paying its bills, there was a marked decline of 25.8 percent in late payment times during 2017. Unsurprisingly, the smallest improvement in late payments was in Western Australia, where the economy remains weak as a result of the slump in mining sector activity. ”

Stephen Koukoulas
illion Economic Adviser

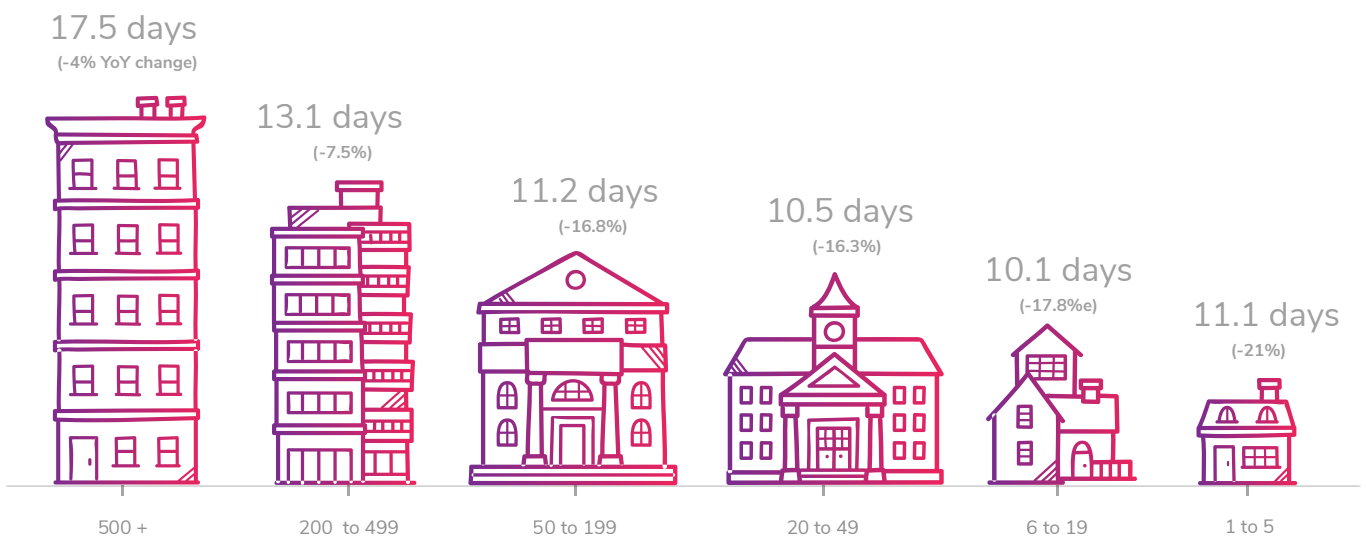
Late Payments by Size

The smallest firms made the biggest inroads during 2017, as businesses with between one and five employees reduced late payment times by 21 percent to finish the year with an average of 11.1 days. At the other end of the scale, businesses with more than 500 employees recorded the lowest annual reduction of 4 percent.

“Smaller firms (those with between 1 and 49 employees) continue to have the lowest level of late payments and over the past year, recorded substantial falls in late payment times. Large firms (over 500) continue to have the highest level of late payments, as has been the case for the full history the data have been collected.”

Stephen Koukoulas
Illion Economic Adviser

Late Payment times by Size - Q4 2017



Our methodology

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. Late Payments provides a quarterly report with a breakdown according to sector, size, age and location of entities.

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.

To learn more about how your business can participate in and benefit from illion's trade data program, get in touch with us via the details below.

Have a question?
Contact us today.

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