

Big Business in the slow lane

LATE PAYMENTS IN AUSTRALIA

Dun & Bradstreet 4th Quarter Analysis 2016

Late Payment times rose during the fourth quarter of 2016, marking a fitting end to a year which saw late payment times track a jagged path following two years of sustained falls.

“

The recent up-tick in late payments appears to reflect a slowing in the overall rate of economic growth and the general sluggishness of the business sector.”

Stephen Koukoulas, Dun & Bradstreet Economic Adviser

14.4
days late

Average late payment time
for an Australian business

Bigger companies were
slowest to pay averaging

18.2
days late

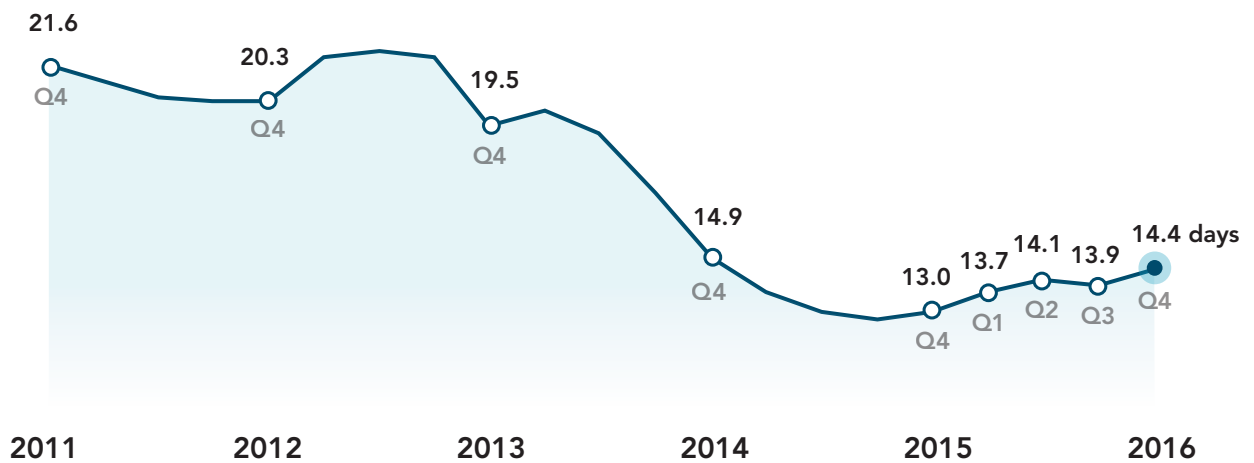
Agriculture sector was the
fastest to pay averaging

9.6
days late

11.7
days late

Tasmanian companies paid
fastest in the 4th Quarter

Australian late payment times increased in Q4 2016



“ Since the low point in the September quarter 2015, late payment times have edged higher but they remain low relative to the historical experience. Helping to offset these negative influences are record low interest rates and solid profits levels which improve business cash flows and lower the level of late payments. ”

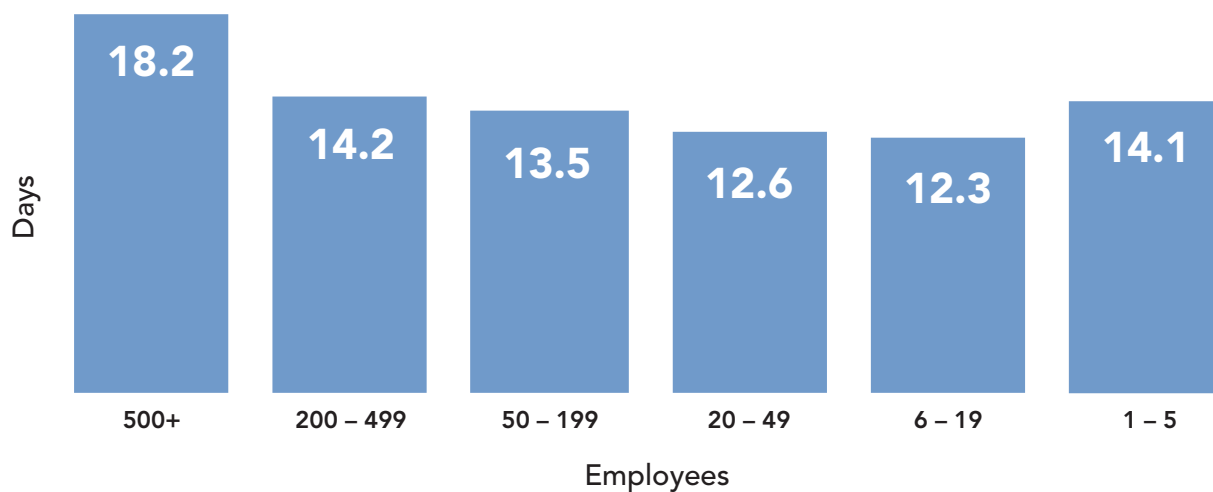
Stephen Koukoulas, Dun & Bradstreet Economic Adviser

Big business late payers

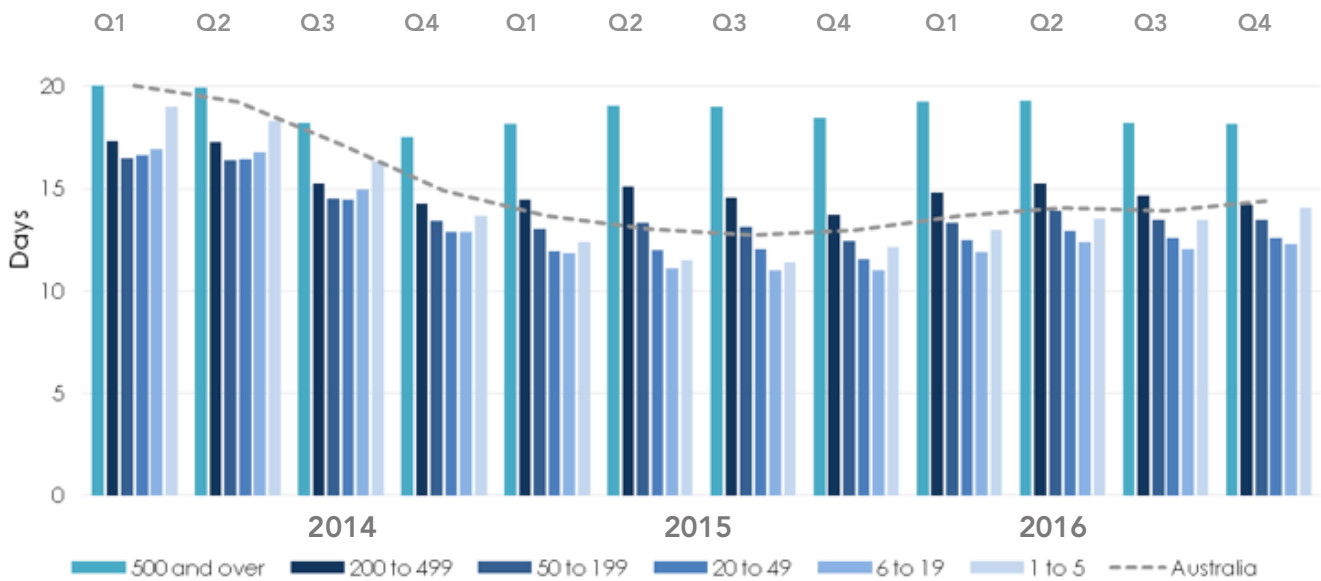
Dun & Bradstreet’s payment analysis provides a current health check of Australian business examining sector, location, size, age and long-term trends.

A high-level look at the late payment data shows a clear pattern of larger firms paying suppliers later than small to medium-sized businesses.

Larger companies were slowest to pay invoices in Q4 2016



Larger firms consistently settle invoices later than the national average

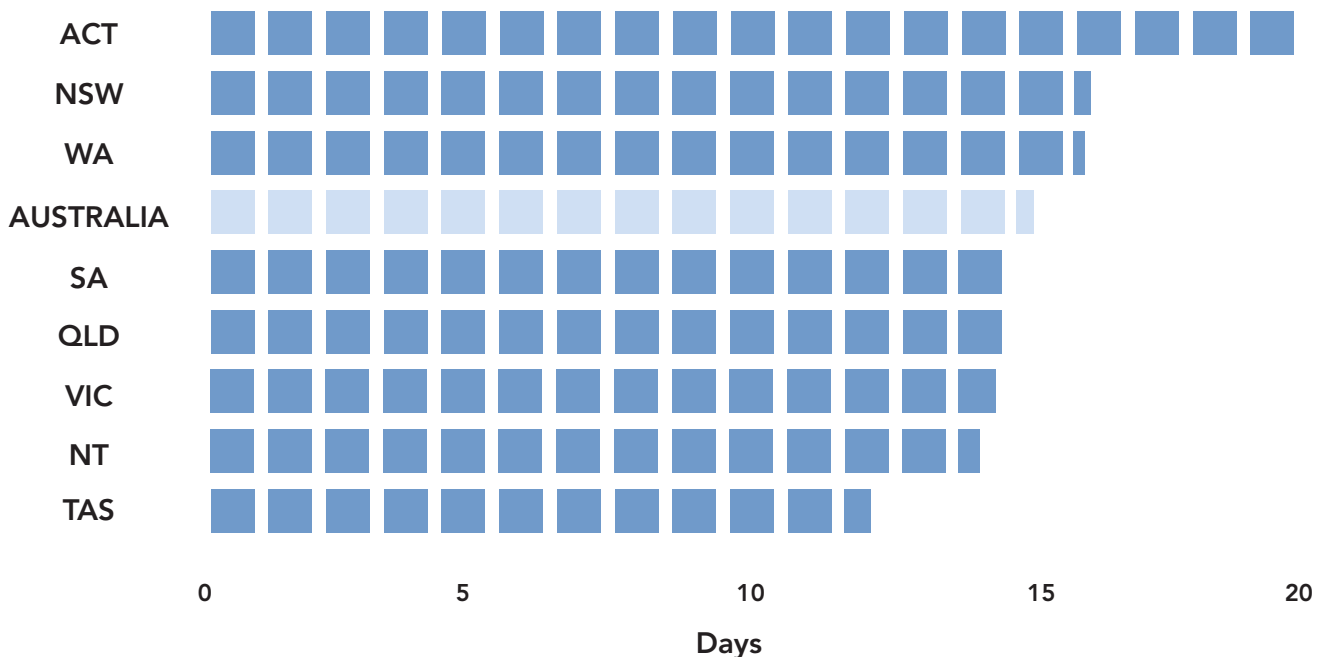


“There is a well established trend that larger firms (over 500 employees) are the slowest to pay invoices with smaller firms tending to be the fastest. That said, the overall trend showing a moderate increase in late payments over the past year has been evident across firms of all sizes.”
 Stephen Koukoulas, Dun & Bradstreet Economic Adviser

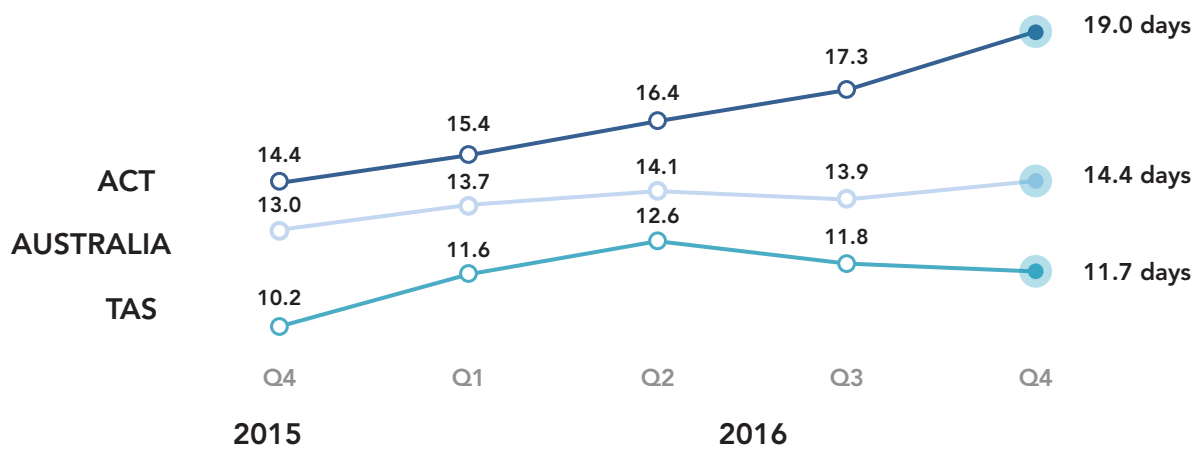
Tasmania fastest, ACT slowest

During the past five years, Tasmanian business has gone from making the slowest late payments to top of the class. ACT companies have distinguished themselves as being consistently tardy over the same period.

Late payments by region Q4 2016



Tasmanian businesses are the quickest to pay, while ACT are the slowest



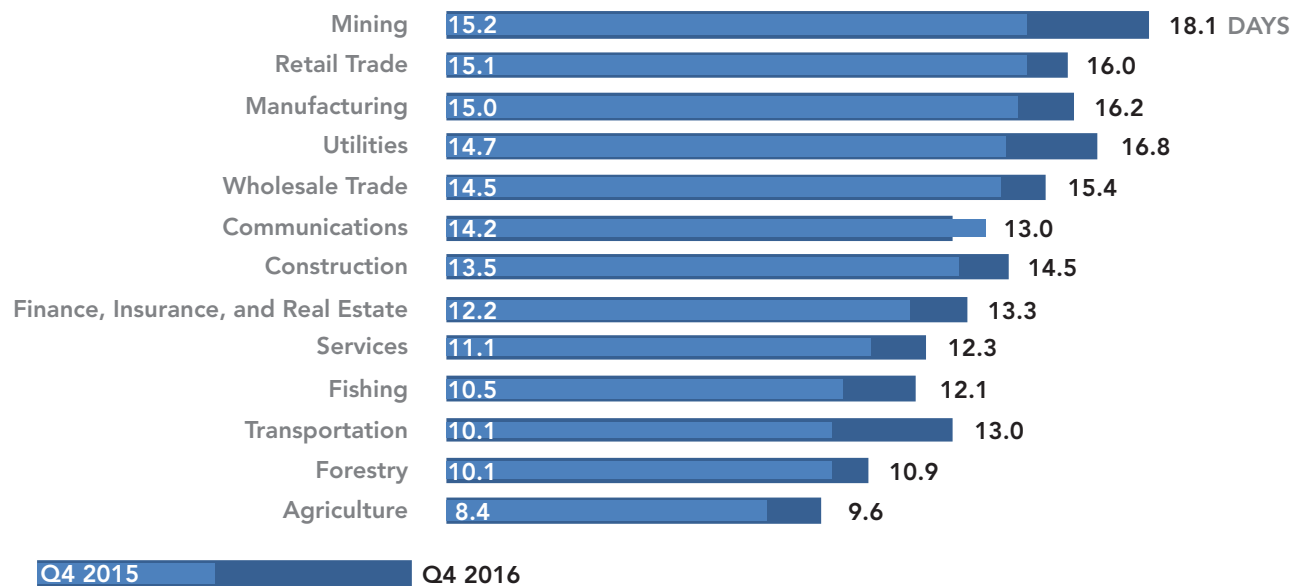
“The ACT experienced the sharpest deterioration in late payments, linked to the persistently slow rate of payments from government entities, while Tasmania bucked the national trend to record a decline in the last two quarters.”

Stephen Koukoulas, Dun & Bradstreet Economic Adviser

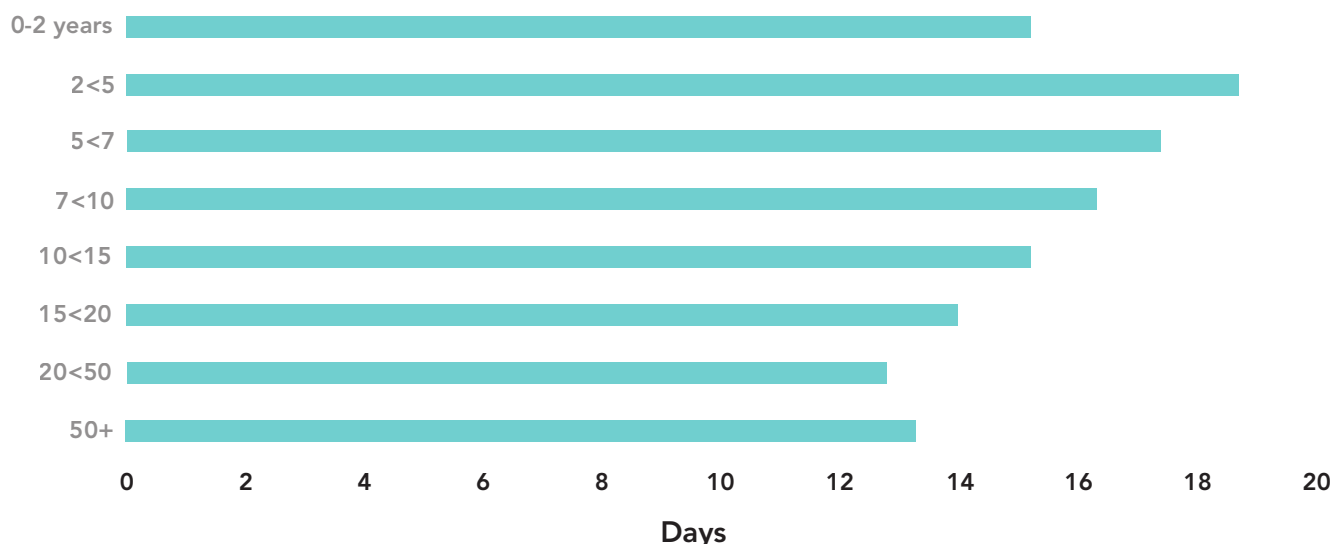
Mining slowest to pay

Mining may have been the slowest paying sector for the quarter, but Communications stood out as the only industry to record a year-on-year decrease in payment times. The result represented a sharp turnaround from Q3 2016, during which Communications was the slowest paying sector.

Late payment times by sector



Late payment times by business age



“All industries, other than Communications, experienced an increase in late payment times over the past year, with the Mining, Utilities, Manufacturing and Retail sectors paying slowest. It is interesting that after that initial spike, the longer firms have operated, the lower the late payment times, until they reach more than 50 years.”

Stephen Koukoulas, Dun & Bradstreet Economic Adviser

About Late Payments

Late Payments analyses trade information from Dun & Bradstreet’s Commercial Bureau, the largest database of business-to-business payment information - capturing 778,000 entities - in Australia. 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. Previously released as Trade Payments Analysis, Late Payments now 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.

Contact details

Bryony Duncan-Smith

duncansmithb@dnb.com.au

0498 086 246