

| 1st Quarter Analysis 2018

Australian Late Payments



Business payment times continue to fall

Late payment times down 23.5% in March quarter

Australian businesses continue to reduce the time taken to settle their outstanding bills, with illion's latest analysis showing the average late payment time for an Australian business has fallen to 11.7 days. The March quarter average represents a 23.5 per cent annual drop, down from 15.3 days in 2017. The percentage of businesses paying their bills on time was 68.8 per cent.

“The level of late payments has sunk to a new record low in the March quarter. This builds on what has been a long run decline, reflecting the strong cash flow position of the business sector and generally buoyant business conditions.”

Stephen Koukoulas
illion Economic Adviser

“Late payment times have fallen to a record low in our latest analysis, which also reveals more invoices than ever are being paid on time. The March quarter results confirm the underlying strength in the economy. While payment times dropped annually across all regions, sectors and business sizes, the big end of town are still squeezing the small guys and there is no sign of a culture change.”

Simon Bligh
illion CEO



Retail worst late payment time for a sector at 15.5 days



ACT highest late payment region for 15th consecutive quarter



Big business marks 18th straight quarter of highest late payment days

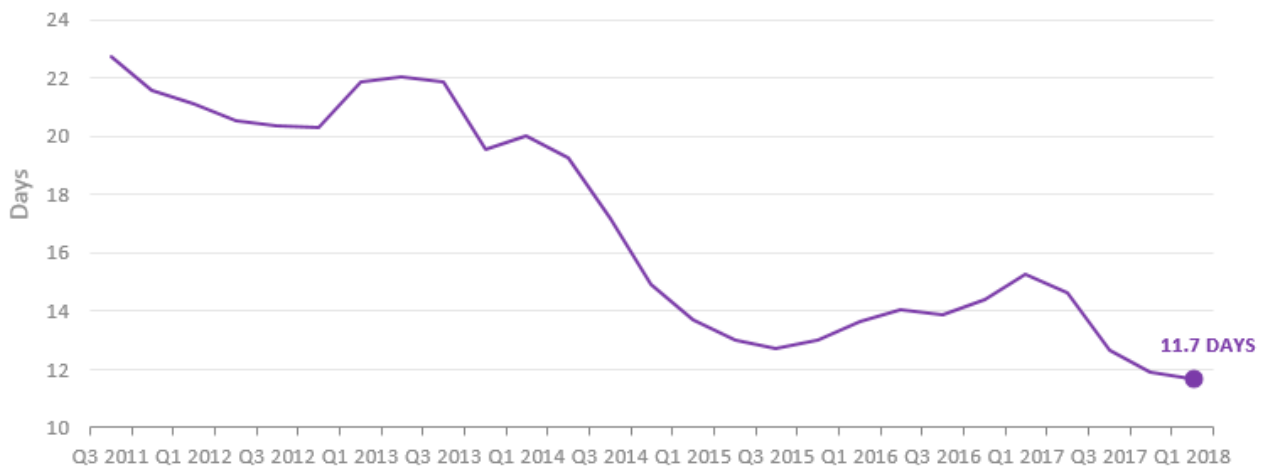


Late payment times lower across all sectors

Late payment times hit historic low

Australian businesses continue to reduce the time taken to settle their outstanding bills, with illion's latest analysis showing the average late payment time for an Australian business has fallen to 11.7 days. The March quarter average represents a 23.5 per cent annual drop, down from 15.3 days in 2017.

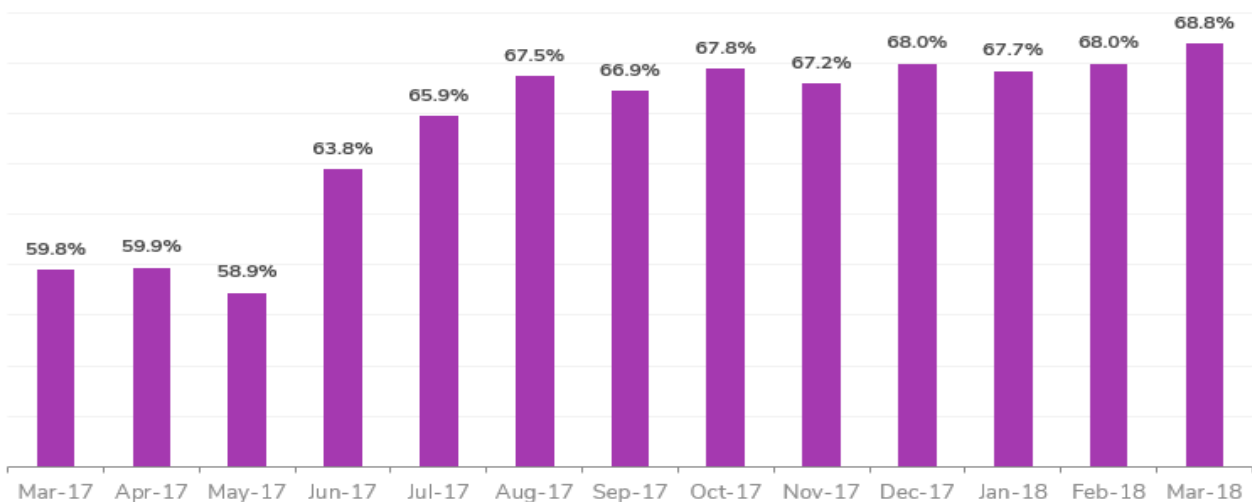
Late Payment times edge lower



“ Record low interest rates and low wages growth are leaving most businesses cash rich, even if the average level of firms selling prices remains contained. It is noteworthy that the decline in late payments in recent years reflects broadly the decline in interest rates over those years. ”

Stephen Koukoulas
illion Economic Adviser

Prompt Payments 12 months to March 2018



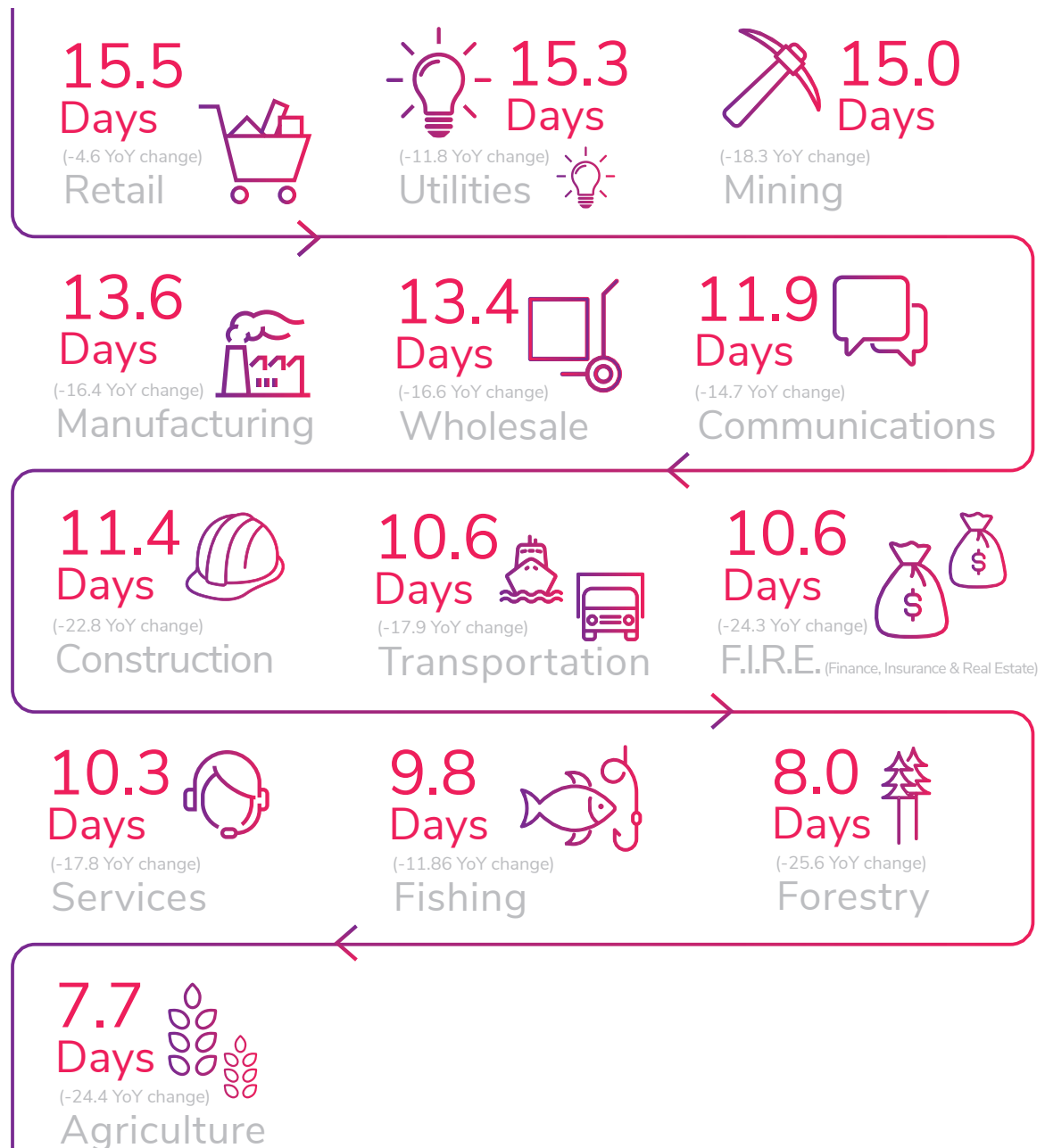
Late Payments by Sector

All sectors saw late payment times fall, although the Retail sector was notable for making the smallest inroads, down 4.6 per cent year-on-year, and having the worst late payment time for a sector at 15.5 days. By contrast, Agriculture retains its place as the fastest paying sector and Forestry recorded the largest annual fall, with a 25.6 per cent drop from 10.7 days in 2017 to 8.0 days in 2018.

“ The retail sector remains the weakest for late payments at an average of 15.5 days. This reflects the generally poor conditions in the sector as a result of weak growth in consumer spending in the past year. Late payments remain the lowest in agriculture, forestry and fishing. ”

Stephen Koukoulas
Illion Economic Adviser

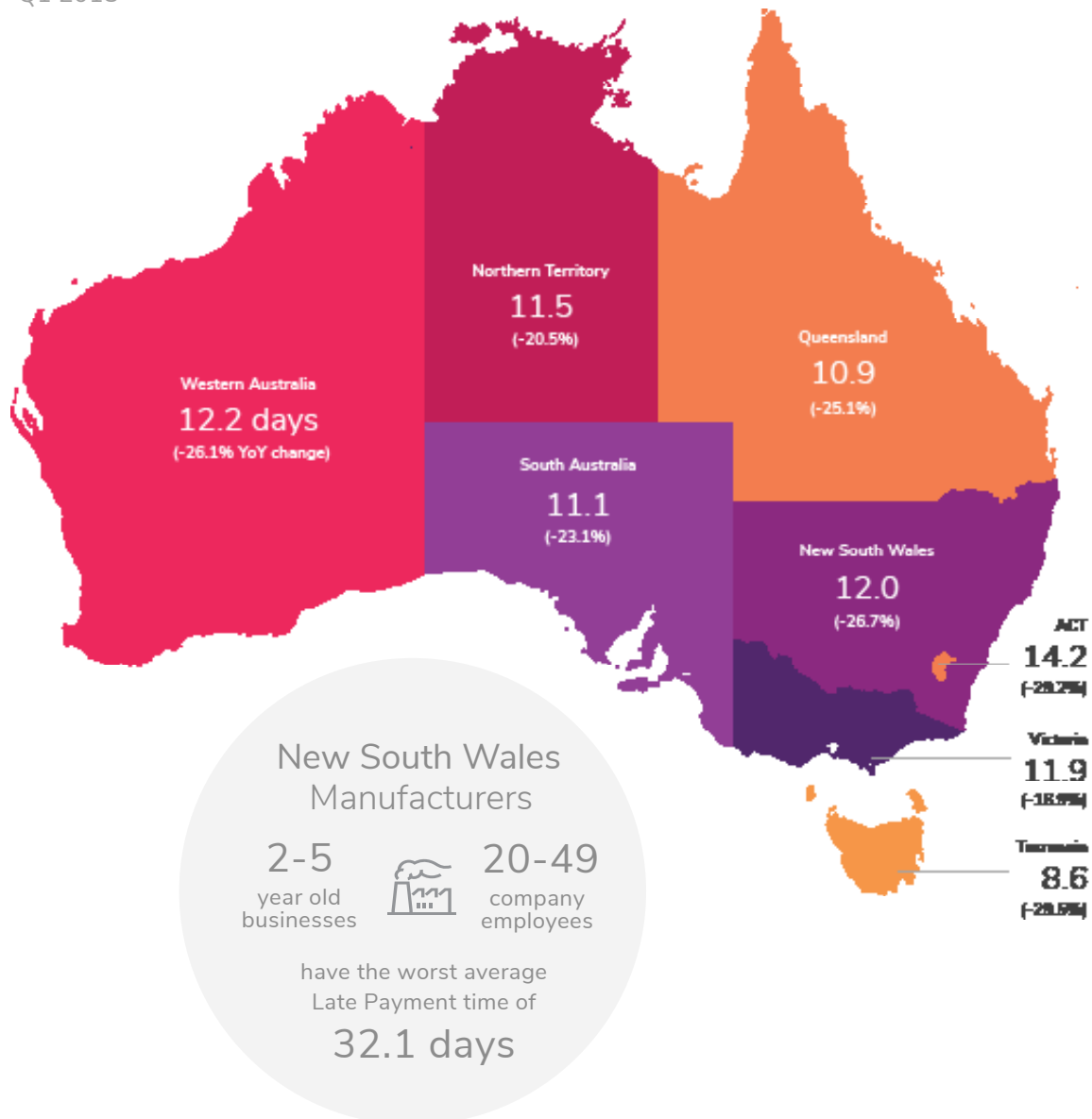
Late Payments by Sector – Q1 2018



Late Payments by Region

Late payment times fell in every state and territory between the March quarters of 2017 and 2018, with Tasmania cementing its single digit average in the latest analysis. Tasmania also recorded the largest annual drop of 29.5 per cent and has now retained the top spot in an unbroken run dating back to the September quarter of 2015. The ACT remains the laggard at two days slower than the second-slowest region, Western Australia

Late Payments by Region,
Q1 2018



“ Reflecting improving economic conditions, late payments are the lowest in Tasmania at just 8.6 days. In contrast, late payments were highest in the ACT which continues to reflect the generally tardy nature of payments from the government sector. ”

Stephen Koukoulas
Illion Economic Adviser

Late Payments by Size

Large businesses – those with more than 500 employees – continue to have the worst average late payment time at 19.4 days. The latest results marks the 18th consecutive quarter that the largest businesses have recorded the worst late payment time. Smaller businesses, specifically those with more than six but less than nineteen employees, had an average late payment time seven days faster at 10 days.

“ Despite a 12.6 per cent drop in late payment times, large firms (with more than 500 employees) continue to be the slowest payments at an average of 17 days. Small firms (under 49 employees) are the quickest payers of invoices. ”

Stephen Koukoulas
Illion Economic Adviser

Late Payment times by Size - Q1 2018



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.

publicrelations@illion.com.au