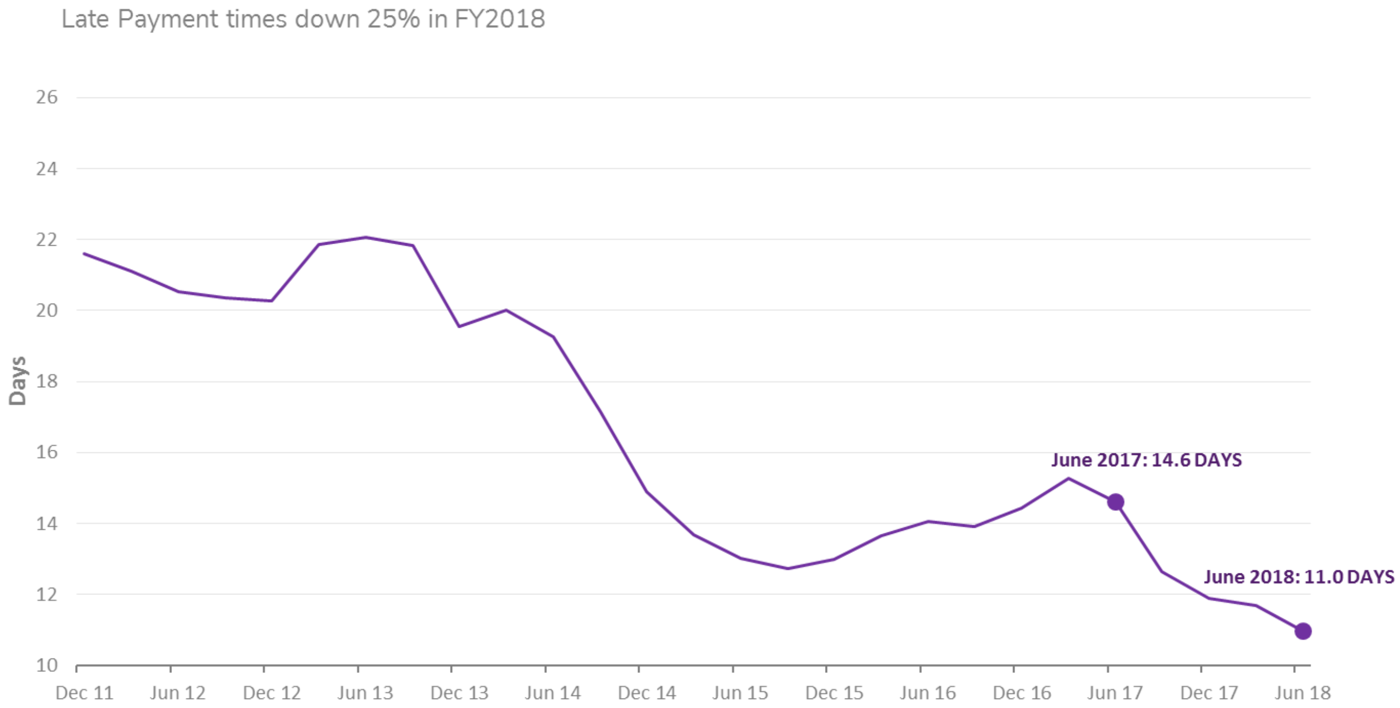
MEDIA RELEASE

Late payments down 25% in FY2018

4 September 2018 – Australian businesses continue to set records for paying overdue bills faster, with illion's Late Payments analysis showing a new low of 11 days at the end of June 2018.

illion's Late Payments analysis uses the largest database of business-to-business payment information in Australia, capturing more than one million entities.



The latest result means the average late payment time fell 24.9 per cent over the 2018 financial year to 11 days, compared to 14.6 days 12 months earlier. During the same period the percentage of prompt payments – invoices paid on time – rose from 63.8 per cent to 70 per cent.

illion CEO, Simon Bligh, said "Late payment times resumed their long-term downward trajectory in FY2018, having increased during the preceding 18 months. A healthy cash flow is important to all companies, but even more so for small business, so an improvement in late payments across sectors and regions is a positive sign for the Australian economy."

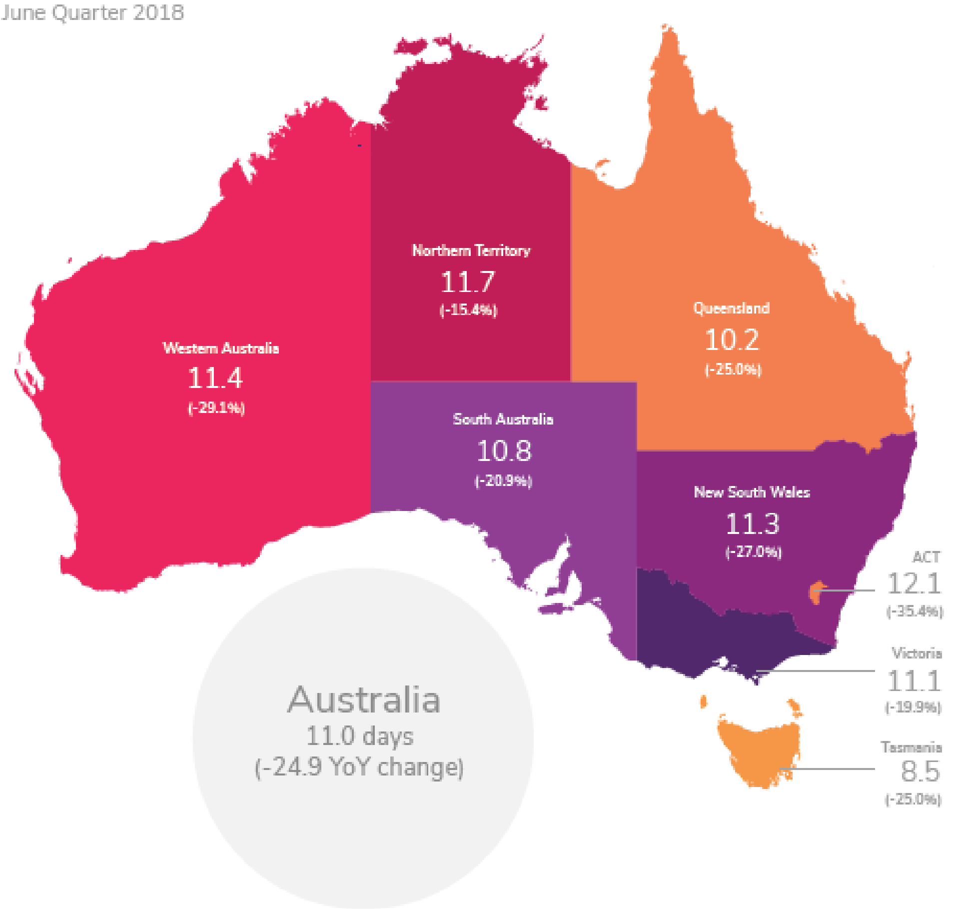
Stephen Koukoulas, illion Economic Adviser, said the continued decline in late payment times demonstrate the strong cash position of the business sector.

"A solid pace of economic growth, low interest rates and low wage costs are giving firms ample cash reserves to pay their accounts in a timely manner. In comparison, from 2011 to 2013 when the economy was weaker and interest and wages growth were higher, late payment times were almost double the current time, averaging 21 days."

The retail sector again had the longest late payment times at 14.5 days, also recording the smallest annual decline. Large falls in late payments were recorded in Finance, Insurance, and Real Estate, and Construction.

Mr Koukoulas said, “Retailers remain in a fragile position with heavy price discounting and new entrants to the Australian economy continuing to put pressure on the sector. In contrast, the real estate and construction sectors remain buoyant even in the face of signs of a softening housing market in the first half of 2018.”

Late Payments by Region
June Quarter 2018

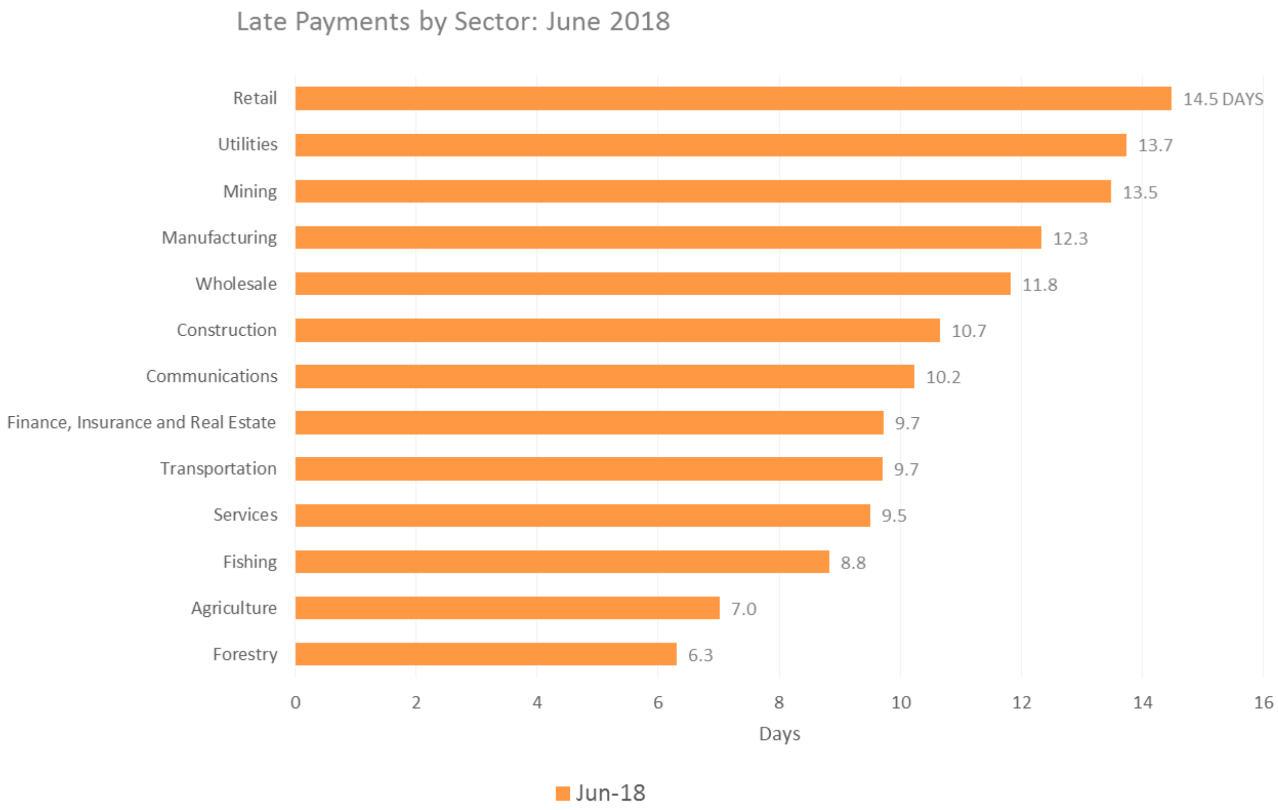


Forestry and fishing recorded the largest percentage falls in late payment times, down 49 per cent and 31.4 per cent respectively. These sectors, together with agriculture, had the lowest payment times of any industry.

Consistent with previous data, small companies with less than 50 staff had the lowest late payment times, while large companies with more than 500 employees continued to have the longest late payment times at 16 days.

Mr Koukoulas said the variance in late payment times between states and territories was remarkably small.

“With a large government sector, late payment times were highest in the ACT, while the sharp lift in economic activity in Tasmania over the past two years has seen late payment times drop to just 8.5 days, the lowest in the country,” Mr Koukoulas said.



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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.