



## **MEDIA RELEASE**

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# Australian businesses paying their bills in record time; big businesses still dragging their feet

- **Tasmanians the best Australians to do business with; Northern Territorians the worst**
- **Forestry the best performing industry; retail the worst (and Australian drought stings farmers)**

Australian businesses are paying their overdue bills in record time, but larger firms continue to be the worst for settling their debts, according to illion's Trade Late Payments Report for the 2019 March quarter.

Payment times for Australian businesses have improved by 10 per cent year-on-year to 10.5 days, the best level for March late payments on record.

This suggests that business confidence is improving.

Comparing payment patterns across the country, Tasmanian businesses take just eight days to pay their overdue bills, while firms in the Northern Territory are relative laggards, at 12 days.

Globally, late payments cost small and medium sized businesses \$US3 trillion<sup>1</sup>, indicating the significant drag that tardy payers have on the cash flow of businesses.

The vast majority (nine in ten) of Australian businesses are small businesses. They account for 33 per cent of Australia's GDP, employ more than 40 per cent of Australia's workforce, and pay about 12 per cent of total company tax revenue.<sup>2</sup>

illion CEO Simon Bligh said that over the long-term, Australia's late payments had improved, and the re-elected Morrison Government should do all it can to ensure this continues.

"The March quarter clearly demonstrates that businesses are more in control of their cash-flow, which is largely the result of low interest rates and containing costs, such as wage costs," he said.

The most reliable industries for paying their debts are forestry workers, while the worst were retailers, miners and manufacturers.

Mr Bligh said large businesses continue to be slower payers than SMEs but the gap was narrowing.

"Our findings show that larger businesses typically settle their debts much later than smaller businesses," Mr. Bligh said.

"However, they are improving, with better transaction technology playing a part in lowering late payments."

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<sup>1</sup> <https://www.cpapracticeadvisor.com/small-business/news/12385872/late-payments-cost-small-businesses-3-trillion-per-year>

<sup>2</sup> [https://www.asbfeo.gov.au/sites/default/files/Small\\_Business\\_Statistical\\_Report-Final.pdf](https://www.asbfeo.gov.au/sites/default/files/Small_Business_Statistical_Report-Final.pdf)



Payment times for large firms (more than 500 employees) stand at 14 days, 55 per cent longer than smaller organisations (6-19 employees). However, large firms have improved their debt payments by 18 per cent year-on-year from (March 2018: 17 days).

### **Tasmanian businesses are the fastest payers; Northern Territorians the slowest**

Mr Bligh said the smaller jurisdictions of Tasmania and the Australian Capital Territory represented the fastest payers in the nation.

Tasmanian businesses settle their debts just 8 days after the due date compared to businesses in the Northern Territory, which wait until 12 days after the due date.

Businesses in New South Wales and Victoria wait an average of close to 11 days before they pay outstanding debts.

“The Tasmanian economy continues to boom and policy driven improvements in payment times in public administration have really borne fruit with the ACT coming a close second to the Apple Isle,” Mr Bligh said.

“Tasmania’s agricultural and forestry exports are booming; in fact, the forestry sector recorded the highest level of prompt payments of all the industry sectors we surveyed,” he said.

“On the other hand, the Northern Territory, closely followed by Western Australia, represents the nation’s slowest payers.

“This is undoubtedly reflective of the cooling off of the mining boom of a decade ago.”

### **Late payments by State / Territory**

State / Territory	Days taken to pay bills Mar-19
TAS	8.1
ACT	9.9
QLD	10.2
VIC	10.4
SA	10.6
NSW	10.8
WA	11.0
NT	11.6
Unknown	11.3
<b>NATIONAL AVERAGE</b>	<b>10.5</b>



### **Forestry the best performing industry; retail the worst (and Australian drought stings farmers)**

Underscoring Tasmania's strength is the health of the forestry industry, which was the best performing industry sector for the March quarter with forestry businesses settling overdue payments within 5 days.

The forestry sector also recorded the highest level of prompt payments, with 83.4% of bills being paid promptly by companies in the forestry industry, which is 12% higher than the average of 71.4%.

The worst performing industry was retail, with payment being delayed an average of 15 days after the payment due date.

"It continues to be a challenging environment for retailers, not just because of trading conditions and expensive overheads like rent but also because of the structural changes occurring with the growth of online retailers," Mr Bligh said.

Meanwhile, agriculture recorded a sharp spike in delayed payments compared to the same time last year.

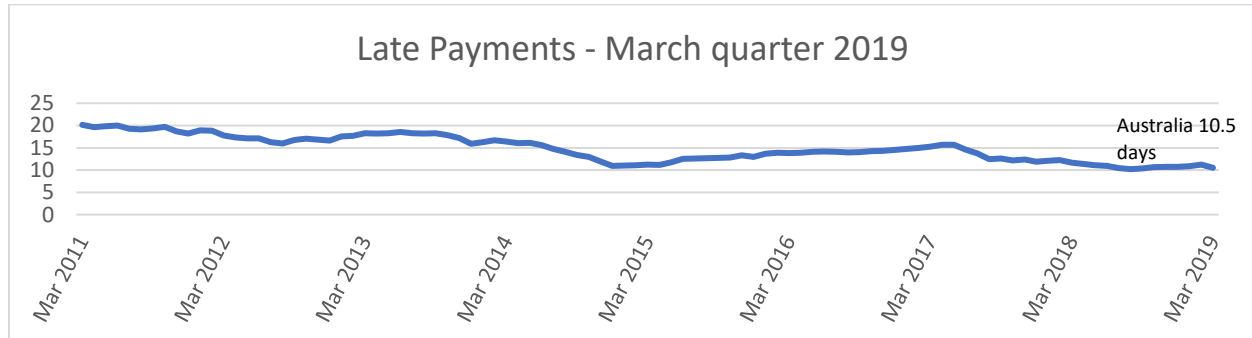
"It goes without saying that our farmers are having a tough time of it right now because of the drought," Mr Bligh said.

### **Late payments by Sector**

<b>INDUSTRY</b>	<b>Days taken to pay late bills Mar-19</b>
Forestry	4.5
Agriculture	8.6
Services	8.9
Finance, Insurance and Real Estate	9.4
Public Administration	9.6
Transportation	9.7
Construction	9.8
Fishing	10.2
Communications	10.5
Wholesale Trade	11.1
Electric, Gas and Sanitary Services	11.3
Manufacturing	12.3
Mining	12.4
Retail Trade	14.6
<b>Unknown</b>	<b>10.3</b>
<b>Total</b>	<b>10.5</b>



## Late payments for March quarter 2019 year-on-year



## ENDS

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### About illion:

illion is the leading independent provider of trusted data and analytics products and services in Australia, with the company's consumer and commercial registries representing a core element of Australia's financial infrastructure.

We leverage consumer and commercial credit registries, which comprise data on over 24 million individuals and over 2 million commercial entities, to provide end-to-end customer management solutions to clients in the financial services, telecommunications, utilities and government sectors.