



MEDIA RELEASE

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Australian businesses paying their bills in record time; SMEs never had it better

- ***Aussie farmers' stress confirmed***
- ***Late payments have plummeted to a record 10.1 days***
- ***Government's payments crackdown takes effect***
- ***ACT payments most improved but Tasmanians remain best payers***

The financial stress suffered by the Australian agriculture sector during the past year has been confirmed with a 26 per cent increase in the time it takes Australia's agricultural businesses to pay their invoices and other expenses, a new report has revealed.

According to illion's Trade Late Payments Report for the 2019 June quarter, late payments across the nation have improved by 8 per cent year-on-year from 11 days to 10 days, reflecting improved trading conditions and pressure from the government to cut payment times.

Comparing payment patterns across the country, Tasmanian businesses remain the most reliable payers, taking just seven days to pay their overdue bills, while firms in the Northern Territory are relative laggards, at 12 days. In the last year, Canberrans showed the most improved payment times with a reduction of 24 per cent from 12 days to nine days.

illion CEO Simon Bligh said the report painted disparate trading conditions for Australia's industries.

"Improved late payments overall is encouraging but Australian farmers are facing troublesome conditions," he said.

The agriculture industry is estimated to constitute up to 4 per cent of Australia's Gross Domestic Product.

However, it's not all bad news, with the negative agricultural figures running counter to improved late payment times in almost every other industry sector.

And Australia's SMEs have never had it better, with Australia's big businesses recording a 10 percent reduction in the time it takes them to settle the invoices of their small business suppliers [June 2018: 16 days, June 2019: 14.4 days].

illion Economic Adviser, Stephen Koukoulas, said the fall in big business payment times was in large part because of pressure from the Morrison Government.

"Prior to its re-election, the government famously called on Australia's largest businesses to reduce the time they take to pay their small business suppliers¹, it seems to be taking effect.

¹ <https://www.smartcompany.com.au/finance/cashflow/big-business-reveal-payment-times-pay-quickly/>



“In addition, payment methods, linked to technological changes in the banking sector, are influencing the time firms take to pay their bills. The increased use of direct debit, for example, rather than posting cheques, is likely to have had a significant effect on late payments over the past few years,” he said.

The only other sectors, apart from agriculture, that saw a rise in payment times were communications and fishing, both around 7 per cent year-on-year, with fishing closely related to agriculture and communications likely affected by soft consumer spending.

illion CEO Simon Bligh said that while an improvement in late payment times across the board was encouraging, illion’s analysis clearly confirmed the difficult conditions facing Australian farmers.

“We have noticed a silver lining though, even for farmers, with a small improvement during the quarter indicating that drought relief initiatives are starting to improve farmers’ situation,” he said.

“This is testament to the effective response of Australian governments, businesses and the generosity of the Australian people in helping our farmers through this terrible drought.”

Chart 1: Number of days after the due date that bills are paid, totals compared to agriculture

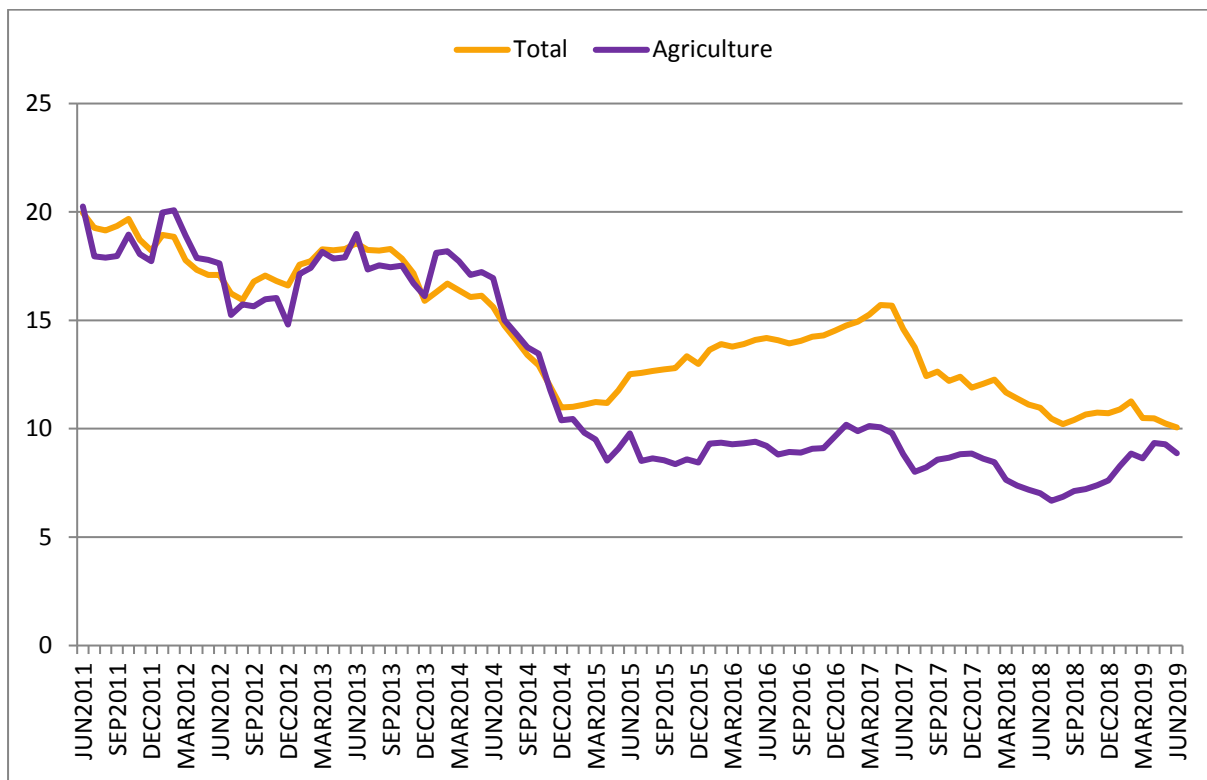




Table 1: Late payments by sector

| | INDUSTRY | Jun-18 | Jun-19 | % improvement |
|----|--------------------------------------|-------------|-------------|---------------|
| 1 | Forestry | 6.3 | 6.2 | 2% |
| 2 | Services | 9.5 | 8.7 | 8% |
| 3 | Agriculture | 7 | 8.9 | -27% |
| 4 | Fishing | 8.8 | 9.4 | -7% |
| 5 | Finance, Insurance, And Real Estate | 9.7 | 9.5 | 2% |
| 6 | Transportation | 9.7 | 9.7 | 0% |
| 7 | Unknown | 10.9 | 9.7 | 11% |
| 8 | Public Administration | 11.6 | 9.8 | 16% |
| | NATIONAL AVERAGE | 11.0 | 10.1 | 8% |
| 9 | Construction | 10.7 | 10.5 | 2% |
| 10 | Wholesale Trade | 11.8 | 10.7 | 9% |
| 11 | Communications | 10.2 | 11.0 | -8% |
| 12 | Electric, Gas, And Sanitary Services | 13.7 | 11.2 | 18% |
| 13 | Manufacturing | 12.3 | 11.8 | 4% |
| 14 | Mining | 13.5 | 12.7 | 6% |
| 15 | Retail Trade | 14.5 | 12.9 | 11% |

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