Trade Payments Analysis

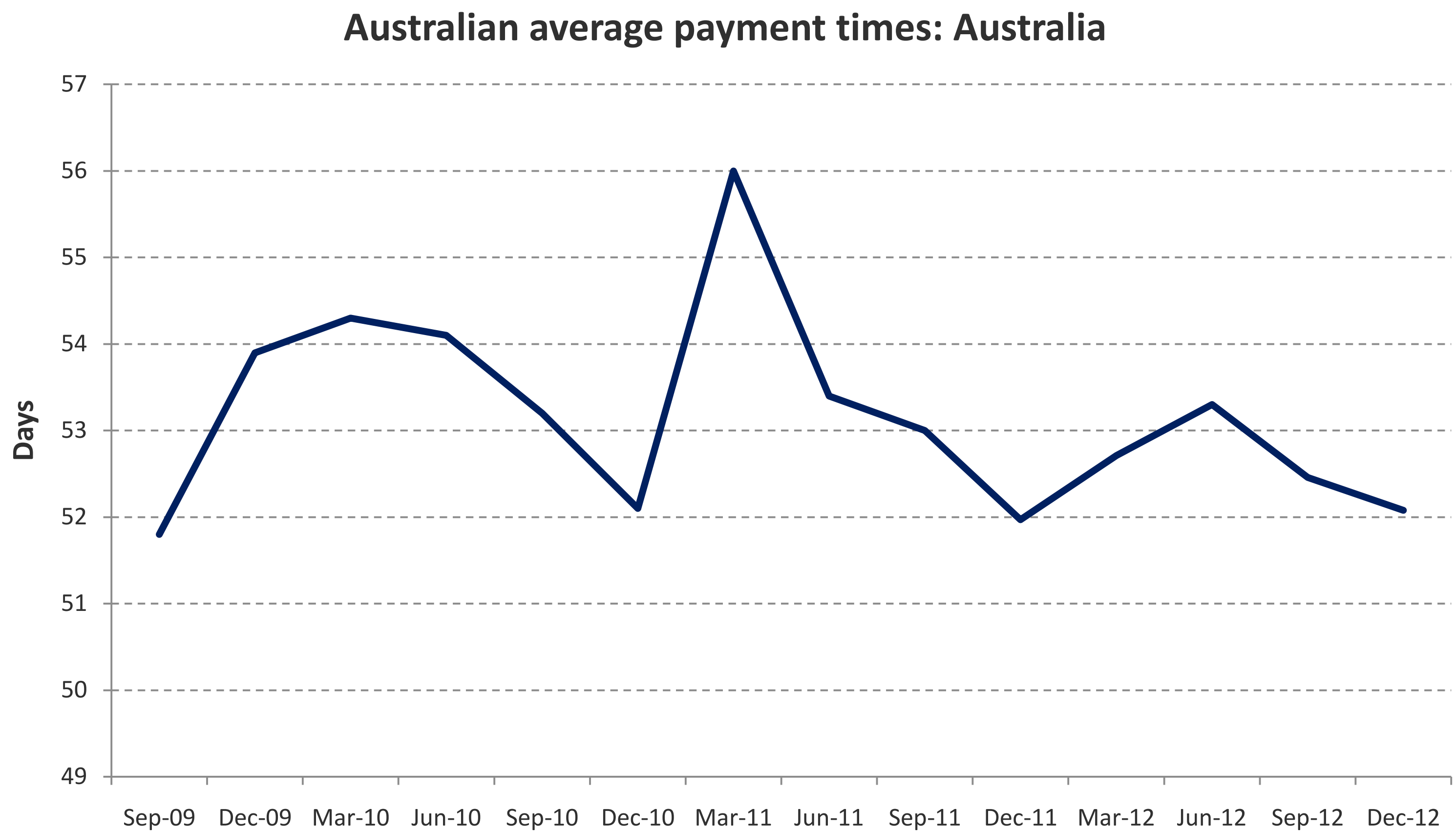
December quarter 2012

Contents

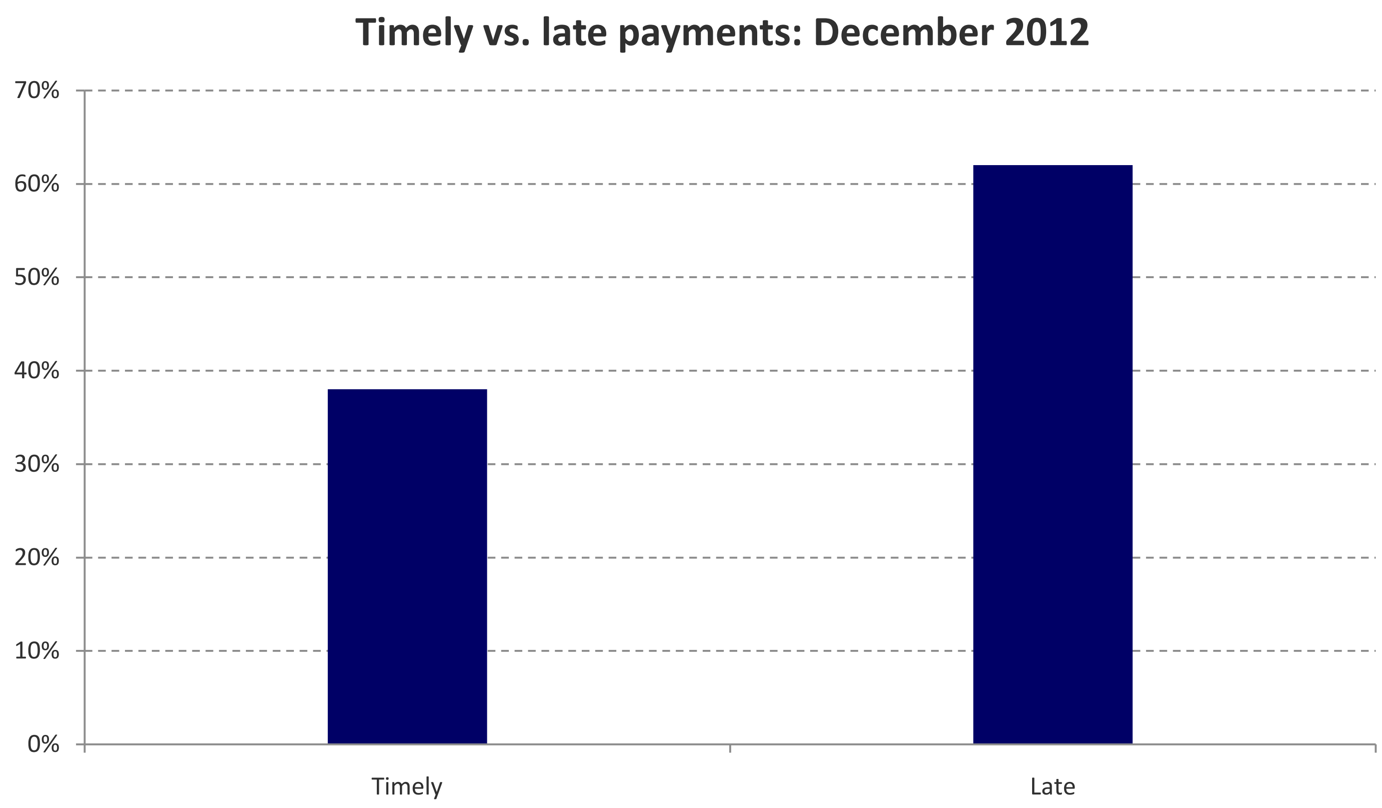
Key findings

- Sixty-two per cent of business payments are made late, with Australian businesses waiting more than 52 days for payment during the December 2012 quarter.
- Payment times are flat compared to the same time last year and have decreased by half-a-day from the September quarter.
- The national average for payment times has remained above the 52-day mark since the June 2009 quarter.
- Firms in the ACT took, on average, 56 days to settle their accounts; an increase of two days compared to the same time last year. On average, Tasmanian businesses were the fastest to pay their accounts, at 51 days.
- The forestry and mining industries are the nation's slowest to pay their bills, with a national average of 55 days. Businesses operating in the transportation sector are paying their bills nearly one week faster, at an average of 49 days.
- Companies with between 50 and 199 employees were the fastest payers in the December quarter, taking an average of 47 days; an improvement of two days compared to the previous year.

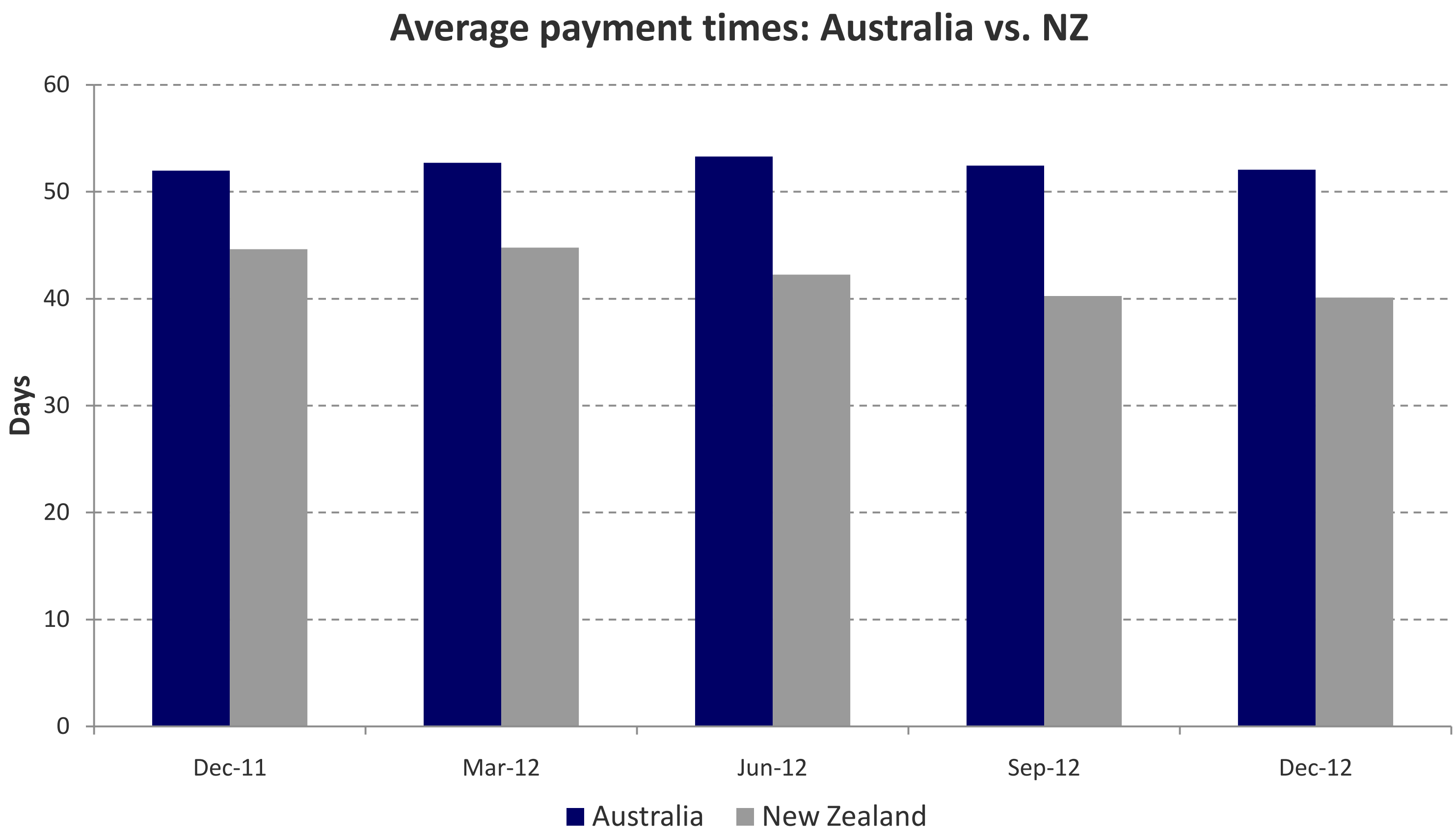
National data | Average payment times have remained above 52 days since the June 2009 quarter.



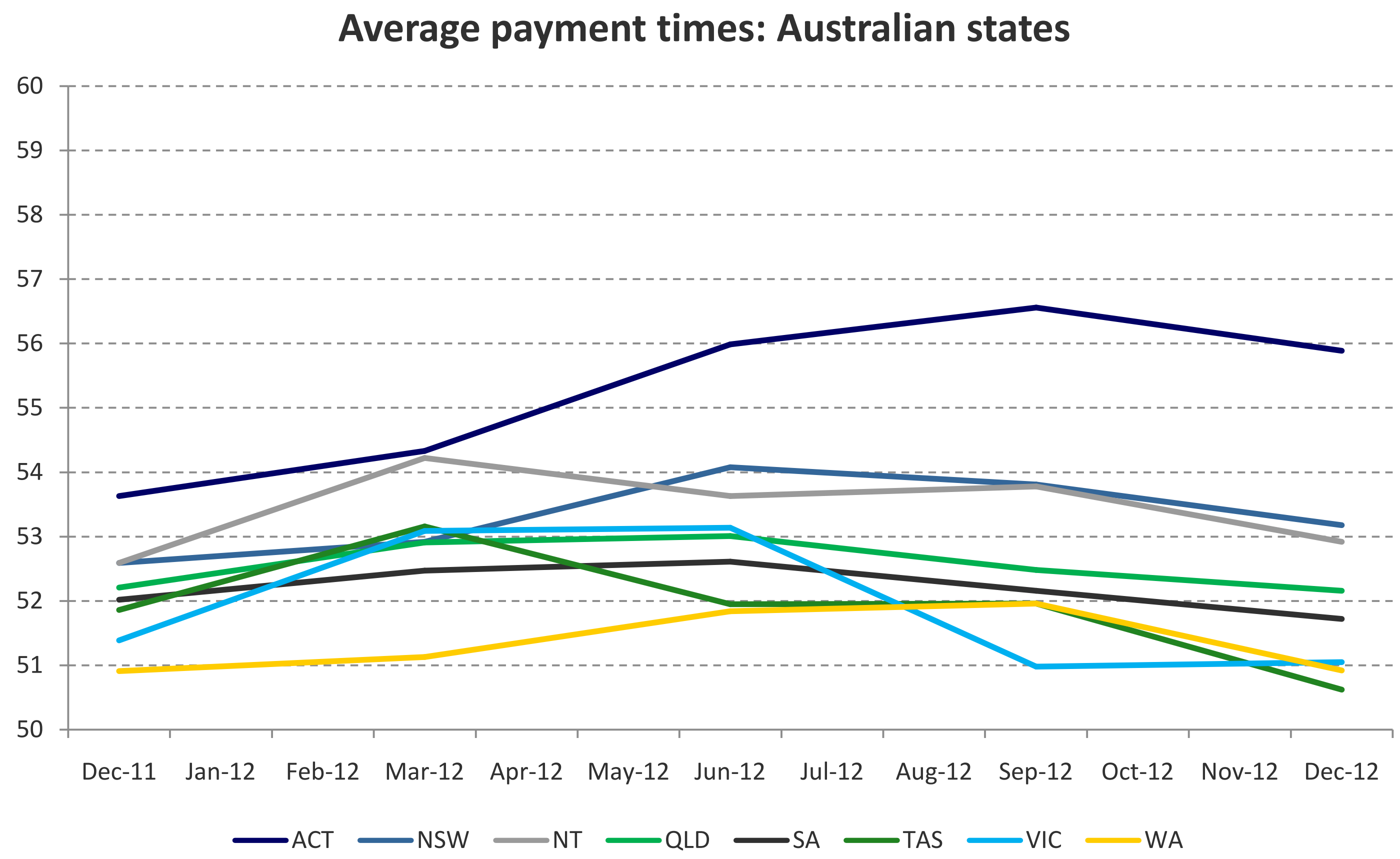
National data | Sixty-two per cent of invoices are paid beyond standard terms (30 days).



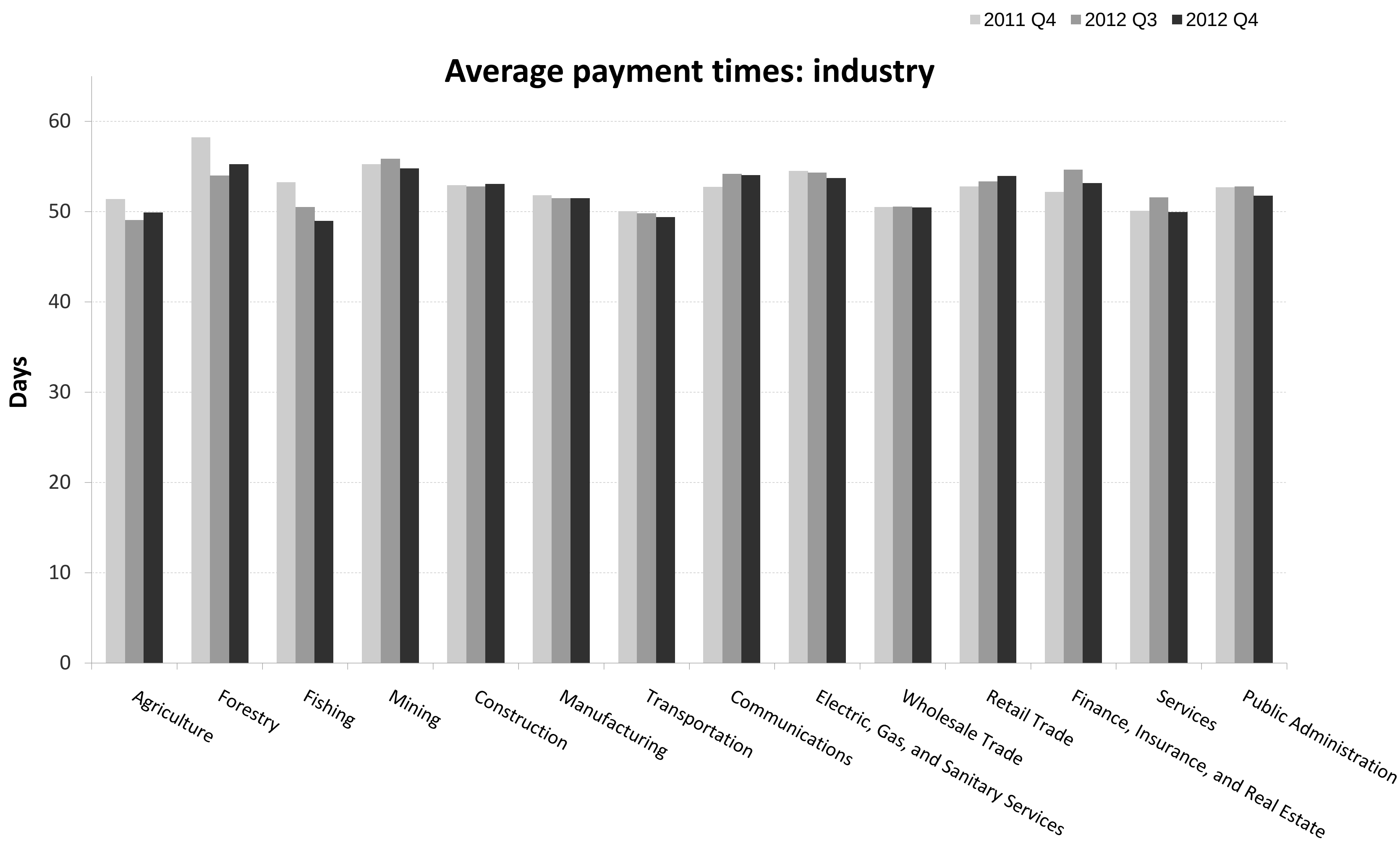
Country comparison | Australian firms take 12 days longer than those in New Zealand to pay their accounts.



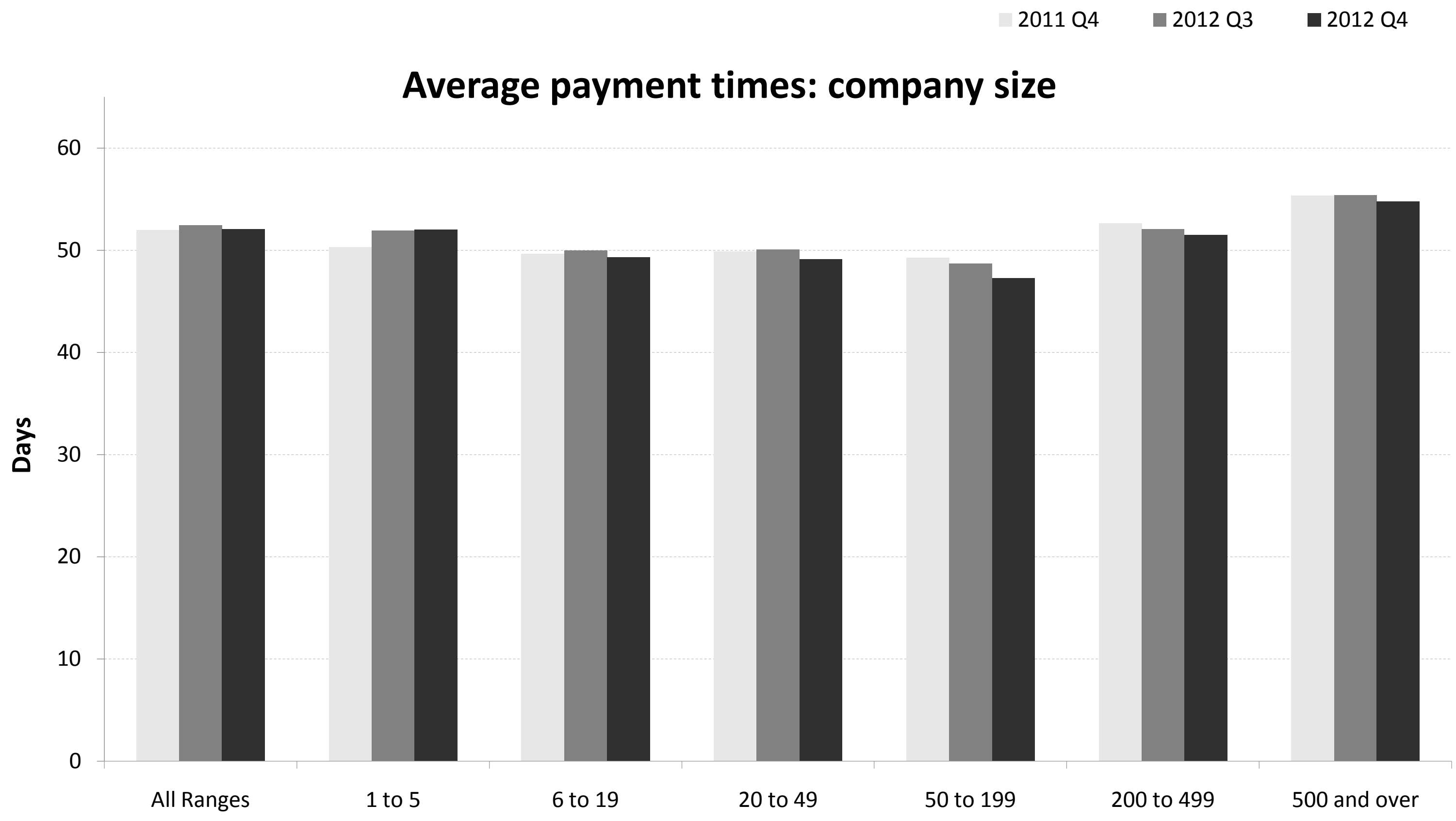
Australian states | Businesses in the ACT and NSW are the slowest payers, while Tasmanian firms are the fastest.



Industry | Businesses in the mining and forestry sectors are the slowest payers; at 55 days, while those in the transportation industry settle accounts in 49 days.



Company size | Companies with more than 500 employees take 55 days to pay their bills, while those with 50–199 staff take an average of 47 days.



About D&B

Dun & Bradstreet is the world's leading provider of credit, marketing and purchasing information and debt management solutions. D&B manages the world's most valuable commercial database with information on more than 200 million companies, including 3 million in Australia and millions of consumers.

Information is gathered in more than 209 countries, in 95 languages or dialects, covering 186 currencies. The database is refreshed more than 1.5 million times daily as part of D&B's commitment to provide accurate, comprehensive information for its more than 150,000 customers.

D&B's data provides insights which improve business decision-making and outcomes.

The predictive power of trade data

Business-to-business payment information is a highly predictive data set and a critical element in credit risk scores and business failures forecasting.

The distinct advantage of trade information over other forms of company data is its ability to provide insight into current performance. Company financials, which are considered to be critical to effective decision making, are reported relatively infrequently and as a consequence, organisations may be required to make decisions using data that is up to 12 months old. Conversely, because trade information is reported monthly, it reveals how an organisation is paying its existing obligation.

Trade data is also effective across all business sizes, being the most predictive element in SME scores and the second most predictive (behind financials) in other credit scores. The predictive nature of trade data combined with its timely availability enables businesses to properly assess credit risk.

This includes the identification of both high and low risk customers, thereby enabling firms to minimise the risk of late payments and bad debts and identify the good credit accounts that will create long-term, profitable credit relationships.