

| June Quarter Analysis 2018

New Zealand Late Payments





Late payment
times rose 10%
in FY2018



Wellington up
15.8% during
the year



Wholesalers worst
sector at 9.7 days



Large business
cuts late payment
times by 10%

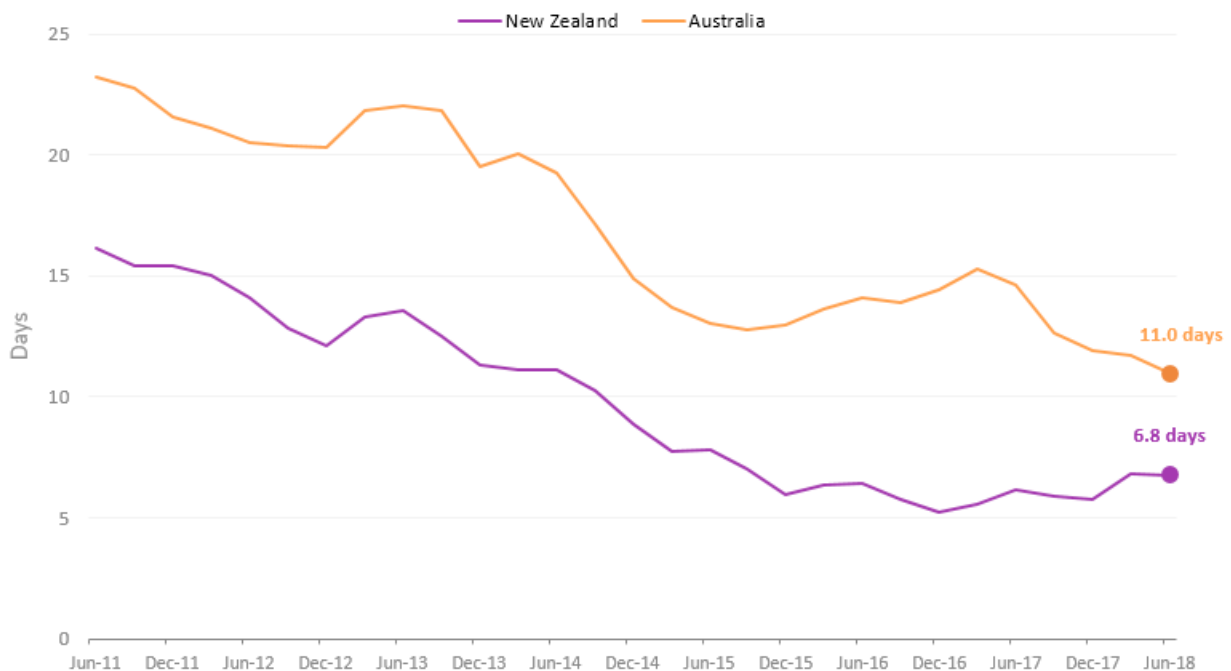
Late Payments up 10% in FY2018

Late payment times for New Zealand businesses rose 10 per cent during the 12 months ended 30 June 2018, according to illion's latest analysis. The average time taken to settle an overdue invoice remained unchanged between quarters at 6.8 days. Despite the annual increase, New Zealand's figure remains well below the Australian average of 11 days.

“ Reflecting the more problematic performance of the New Zealand economy through the middle of 2018, late payment times have been edging higher over the past year. While the absolute level of late payments remains near a historical low of 6.8 days, it has increased marginally from the historically low point registered at the end of 2016. ”

Stephen Koukoulas
illion Economic Adviser

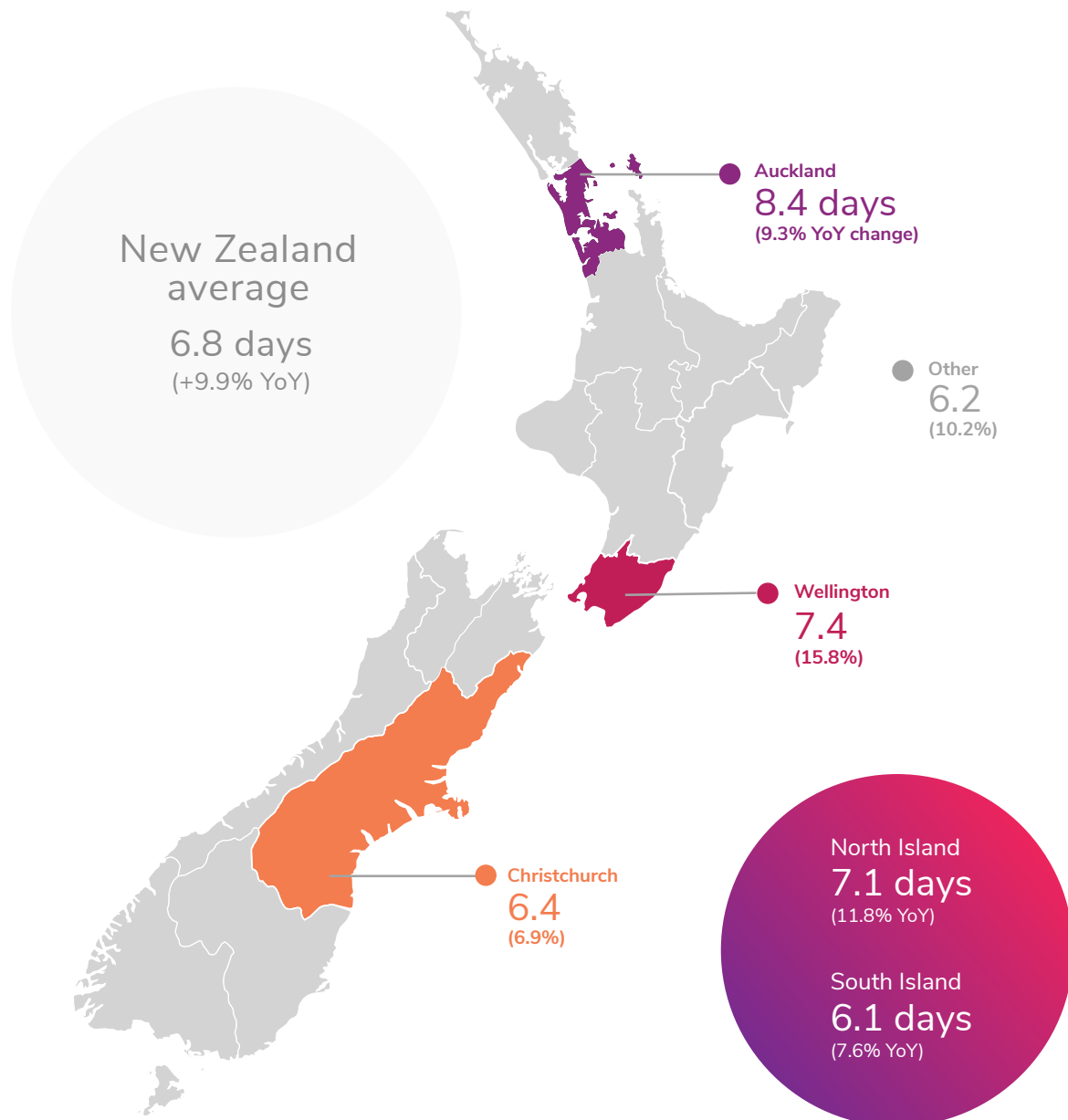
New Zealand V Australia



Late Payments by Region

Wellington saw payment times rise by 15.8 per cent during the year, while Christchurch saw the lowest annual increase. The North Island, weighed by Auckland's consistently above average late payment times, remains the worst broad region, recording an 11.8 per cent increase during the year.

Late Payments by Region - June Quarter 2018



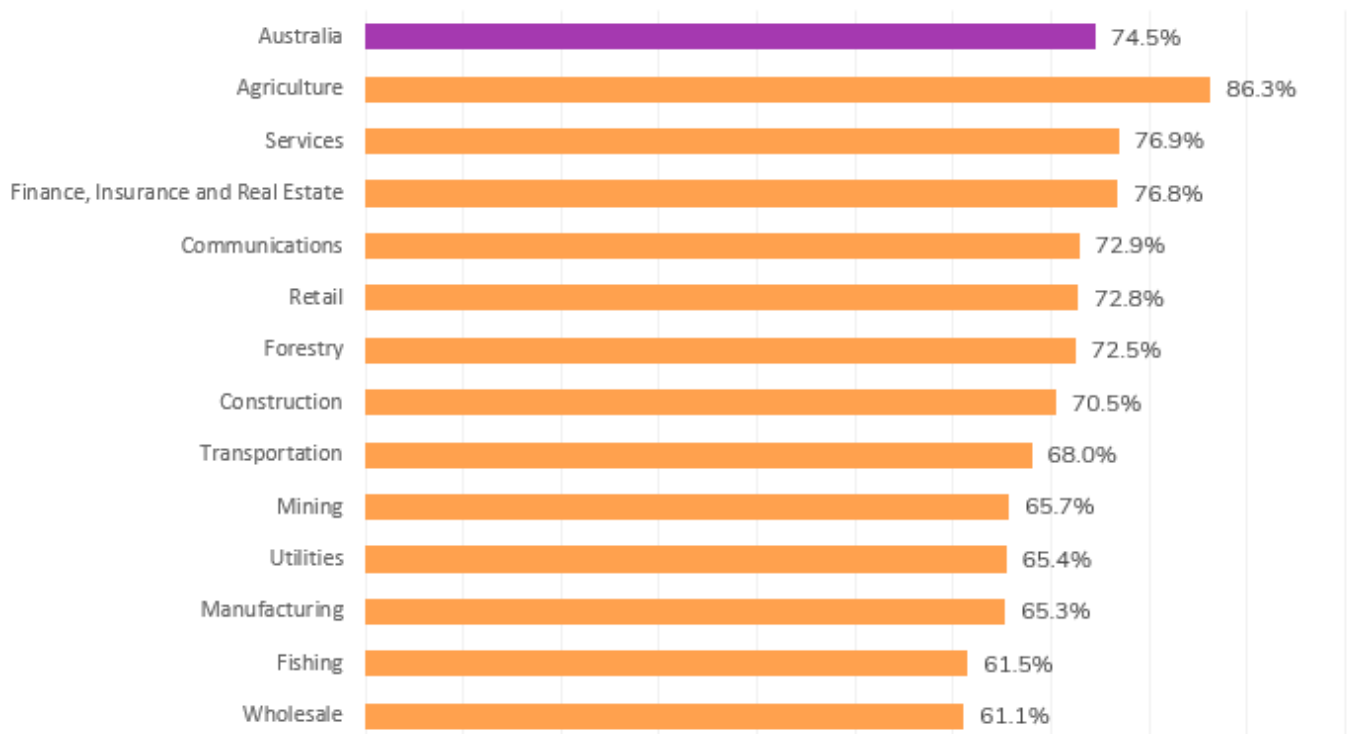
“An important aspect of the regional late payments data is how little divergence there is between the highest and lowest times. At 8.4 days, Auckland has the highest late payment times, with the “Other” region at the low end at 6.2 days. This divergence is relatively narrow and probably reflects a more stable state for the underlying fundamentals of the New Zealand economy.”

Stephen Koukoulas
Million Economic Adviser

Prompt payments

The percentage of invoices settled on time fell significantly during the year, from 79.5 per cent in June 2017 to 74.5 per cent. There was wide variation between sectors, however, with firms operating in the agriculture industry approaching 90 per cent of payments made on time, while the wholesale and fishing sectors settled less than two-thirds of bills promptly.

Invoices Paid Promptly by Sector June Quarter 2018



“The business sector remains healthy, aided by low interest rates and solid economic growth, but risks appear to be building. The two sectors to register the largest increase in payment times over the past year have been fishing and mining, although it is noteworthy that late payments also rose solidly in most other sectors. This suggests the economic pressures that impact late payment times were broad-based.”

Stephen Koukoulas
Illion Economic Adviser

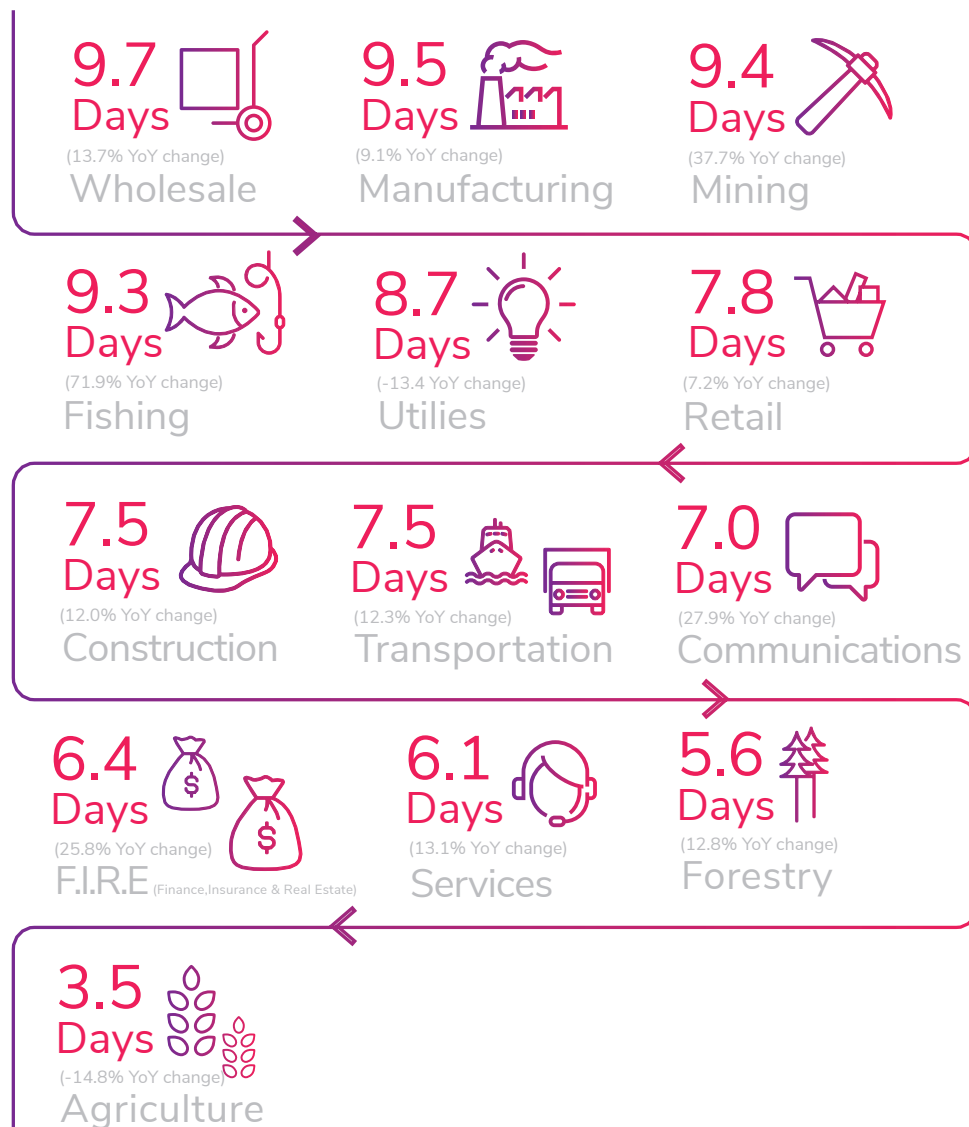
Late Payments by Sector

Late payments in the agriculture industry fell the most during FY2018 and the sector has seen late payment times fall by 62 per cent over the past five years. By contrast, wholesalers saw late payment times surge 13.7 per cent during the year to 9.7 days, the highest average for the sector since June 2015.

“Over the past year, only two sectors recorded a fall in late payment times – agriculture and utilities. For agriculture, which has a heavy reliance on exports, the lower level for the New Zealand dollar is likely impacting positively on cash flows. The late payments data contrast with a range of pessimistic business surveys in recent quarters.”

Stephen Koukoulas
Illion Economic Adviser

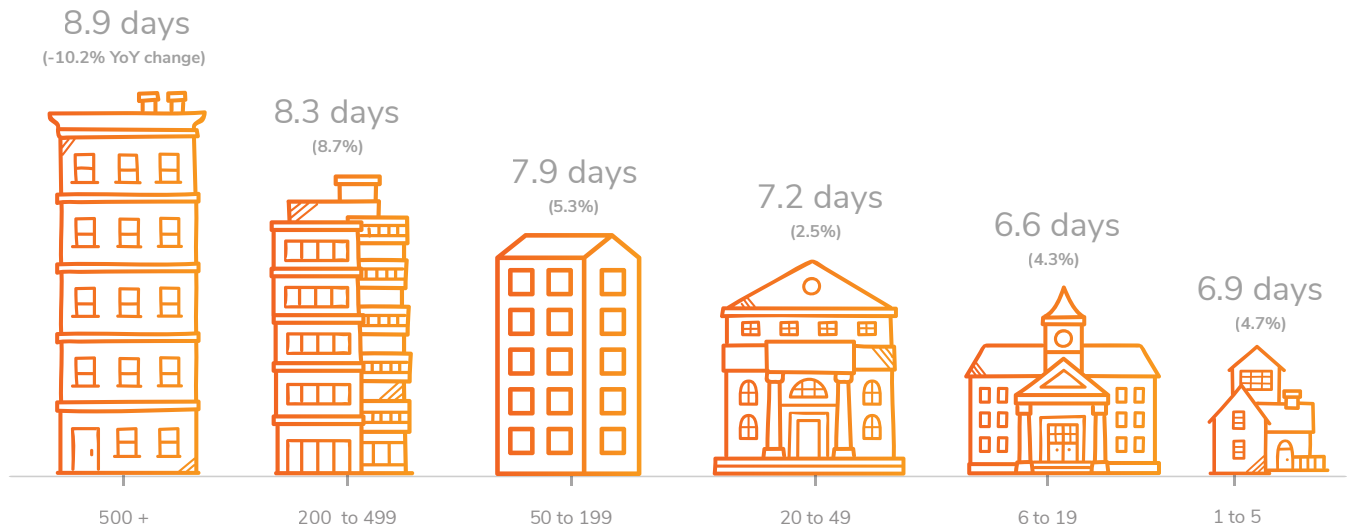
Late Payments by Sector - June Quarter 2018



Late Payments by Size

Interestingly, New Zealand's biggest businesses, companies with more than 500 employees, was the only bracket to record an annual reduction in late payment times. All other businesses saw annual late payment times rise between 2.5 per cent and 8.7 per cent.

Late Payments by Company Size - June Quarter 2018



“ Reflecting the relative strength in agriculture, which is dominated by a small number of large firms, late payment times fell for firms with 500 and more employees, while small to medium-sized firms recorded higher late payment times. ”

Stephen Koukoulas
Illion Economic Adviser

Our Methodology

Late Payments analyses trade information from illion's Commercial Bureau, the largest database of business-to-business payment information in Australia and New Zealand. 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. Previously released as Trade Payments Analysis, Late Payments now 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.

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