

| September Quarter Analysis 2018

# New Zealand Late Payments





Agriculture best sector at 3.1 days



Christchurch best region at 4.5 days



Late payment times fall to historic low



Prompt payments at 81.5%

# Late Payment times drop to lowest on record

The average late payment time for a New Zealand business has fallen to a record low of 5.2 days, according to illion's latest analysis. The latest result, for the end of the September quarter 2018, is 11.7 per cent lower than the same period in 2017 and surpasses the previous record of 5.3 days set in the December quarter 2016.

“After a temporary blip higher in the first half of 2018, late payment levels have fallen to a record low in the September quarter. The combination of solid economic growth, ongoing low interest rates and sound business conditions are ensuring firms are increasingly paying their bills in a speedy manner. It is also likely that technological change in payments processes is lowering late payments with direct debit quicker than writing a cheque and posting it to a supplier.. ”

Stephen Koukoulas  
illion Economic Adviser

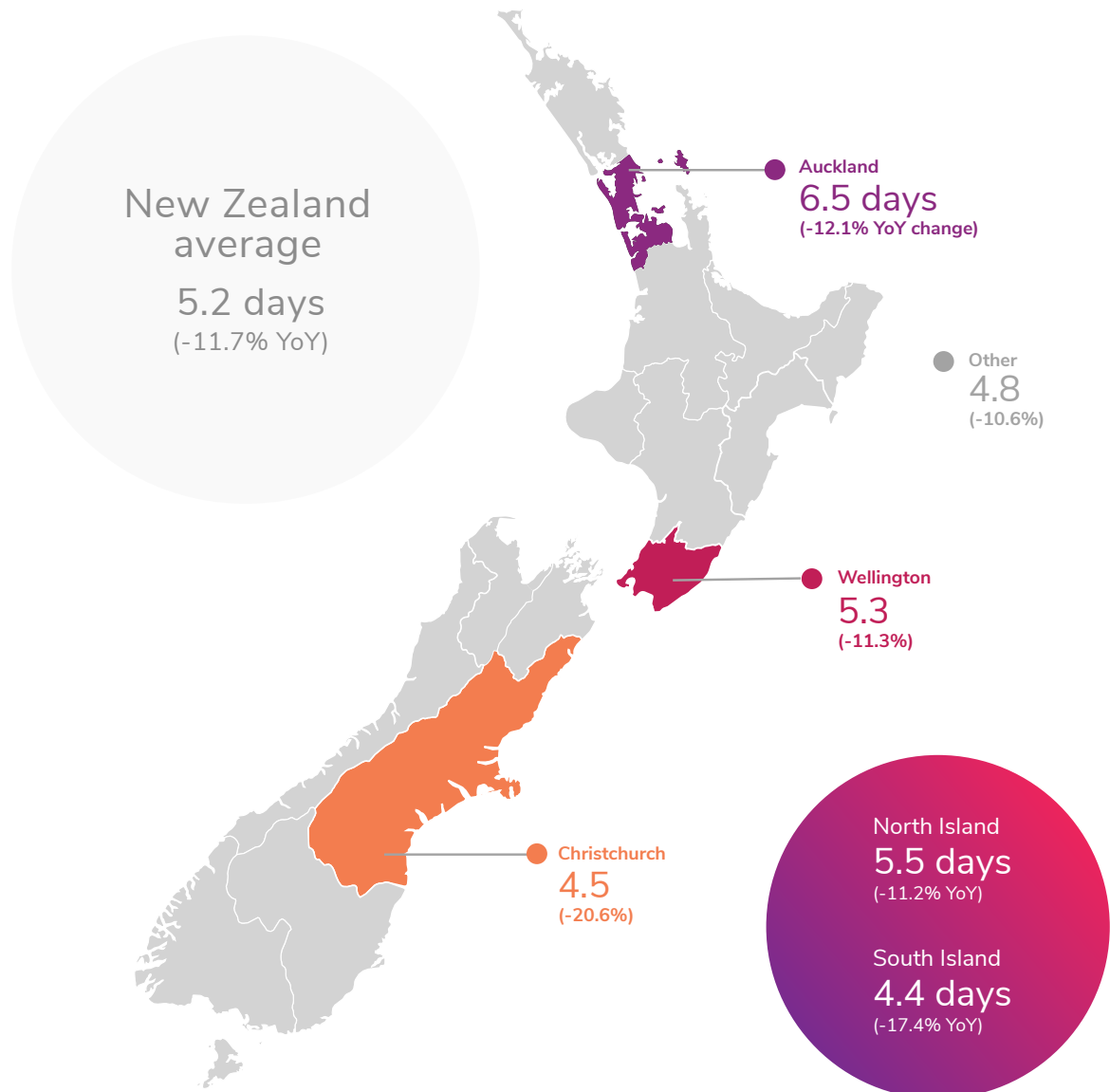
New Zealand V Australia



# Late Payments by Region

Christchurch emerged as the first of the major cities to record the lowest regional late payment time since 2016. At 4.5 days the South Island's largest city saw payment times decrease by 20.6 per cent year-on-year, comfortably beating other regional hubs Wellington (5.3 days) and Auckland (6.5 days). The South Island remains ahead of its northern counterpart, with Auckland's 6.5 days pushing the North Island's overall average up to 5.5 days.

Late Payments by Region - September Quarter 2018



“Over the past year, late payment times has fallen sharply across all regions. The fall reflects the broad strength in the economy and indicates technology is an important driver encouraging firms to pay their bills in a timely manner. Auckland remains the centre with the highest late payment times, which reflects the fact that there are more large firms there than in other cities and regions.”

Stephen Koukoulas  
Illion Economic Adviser

# Prompt payments

Prompt payments, the amount of invoices settled according to terms, increased sharply from 74.5 per cent in June to 81.5 per cent in September. Compared to the same time last year, however, there was only marginal movement at the highest level. Finance, Insurance and Real Estate was the only sector where prompt payments fell annually, while wholesalers increased the volume of on time payments from 66.7 per cent in September 2017 to 75.6 per cent.

Invoices Paid Promptly by Sector September Quarter 2018

	Sep-17	Sep-18	+/-
Wholesale	66.7%	75.6%	8.9
Fishing	62.1%	70.6%	8.5
Manufacturing	69.4%	75.6%	6.2
Construction	78.8%	83.2%	4.4
Transportation	76.9%	81.3%	4.4
Forestry	75.8%	80.1%	4.3
Utilities	73.3%	76.0%	2.7
Services	82.4%	83.9%	1.5
<b>All Sectors</b>	<b>80.3%</b>	<b>81.5%</b>	<b>1.2</b>
Retail	78.0%	79.1%	1.1
Communications	84.3%	85.2%	0.9
Mining	73.1%	73.7%	0.6
Agriculture	88.5%	88.6%	0.1
Finance, Insurance and Real Estate	82.7%	81.0%	-1.7

“ There was a broad increase in prompt payments in all sectors other than finance, insurance and real estate, whose weakness is linked to the softening in housing since 2017. Over 81 per cent of all invoices are paid on time, with agriculture and communications having the highest rate of prompt payments, while fishing and mining are the only sectors with prompt payments below 75 per cent. ”

Stephen Koukoulas  
illion Economic Adviser

# Late Payments by Sector

Finance, Insurance and Real Estate was the only sector that saw a year-on-year increase to late payment times during the September quarter. At 5.4 days the sector is some way off the record low of 4.4 days it achieved in December 2016. Wholesalers and utilities companies recorded the largest drops in day terms, with falls of 2.1 days and 2.2 days respectively. Agriculture remains the best performing sector, with an average late payment time of 3.6 days.

“The late payments times are a mirror image of the prompt payment levels – fishing and mining having the highest overall level of late payments. The broad-based slowing on the housing sector is showing up in an increase in late payment times for finance, insurance and real estate”

Stephen Koukoulas  
Illion Economic Adviser

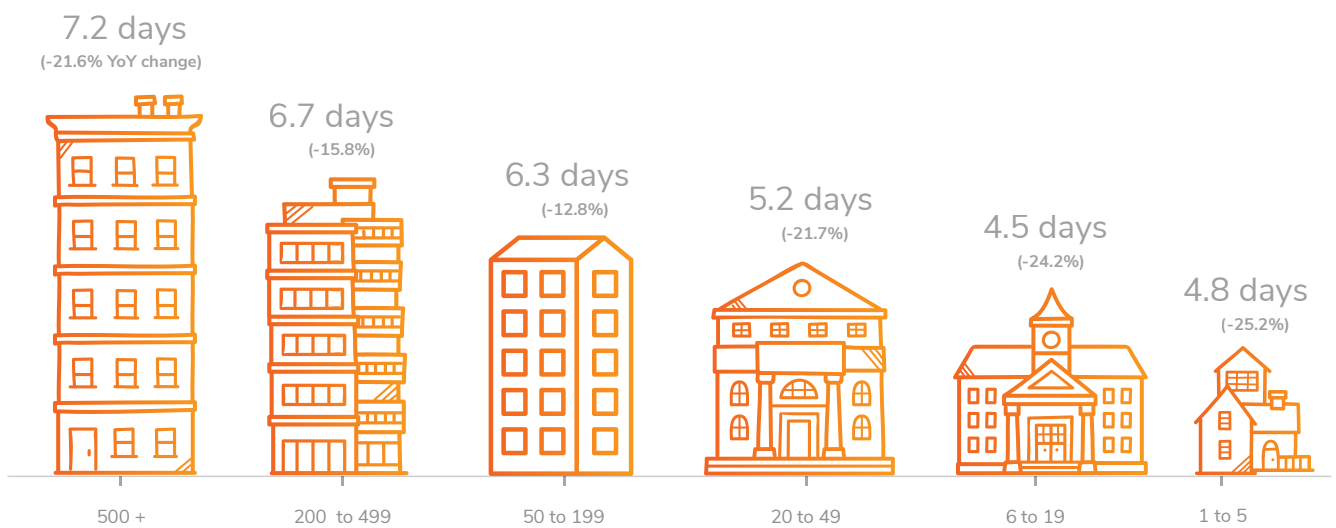
Late Payments by Sector - September Quarter 2018



# Late Payments by Size

New Zealand's smallest businesses continue to set the pace for lowest payment times. Those with between one and five employees reduced their average late payment time from 6.4 days in September 2017 to 4.8 days in the most recent quarter; a 25.2 per cent annual decline. Businesses with between 6 and 19 employees had the lowest late payment average, however, at 4.5 days.

Late Payments by Company Size - September Quarter 2018



“ Firms of all sizes saw a decline in late payments in the year to the September quarter 2018, with the most significant declines seen in small firms with 1 to 5 employees and 6 to 19 employees. The largest firms, with 500 and over employees, continue to have the highest level of late payments. ”

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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