



**Tuesday 21 May 2019**

## **Media release**

### **New Zealanders better at paying their bills than Australians**

**Tuesday, 21 May 2019** – New Zealand businesses are paying overdue bills more quickly than a year ago, 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 New Zealand businesses have improved by six per cent year-on-year to 6.4 days, significantly quicker than Australians who take 10.4 days.

Comparing payment patterns across major cities across the country, Christchurch businesses take just 6.3 days to pay their overdue bills, while Aucklanders take 7.6 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.

More than 1.5 million New Zealanders are employed by private sector companies<sup>2</sup>.

illion CEO Simon Bligh said that over the long term New Zealand’s late payments had improved, and with the economy growing by 2.6 per cent this year<sup>3</sup>, the trend could continue.

“It’s interesting to note that Kiwi businesses are significantly more reliable payers than their counterparts in Australia,” Mr Bligh said.

“Technology has made it easier for businesses and consumers to pay their bills but we shouldn’t get complacent, any further dampeners to the New Zealand economy could see late payments edge up once again.

“The most reliable payers in New Zealand are farmers, followed by government departments and then the mining sector.

“The least reliable payers are those in communications, electricity and gas, fishing and wholesale trade.”

illion’s Trade Late Payments Report uses the largest database of business-to-business payment information in Australia and New Zealand, capturing more than one million businesses.

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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.stuff.co.nz/business/industries/99265404/who-employs-more-people-private-or-public-sector>

<sup>3</sup> <https://www.focus-economics.com/countries/new-zealand>



**Other key findings include:**

- Larger businesses with more than 500 employees are the worst in the country for paying on time, at an average 8.2 days, compared with micro business of fewer than five employees and small enterprises with 6-19 employees who pay their bills within 6.7 and 5.0 days respectively
- New Zealand’s agricultural sector continues to report the lowest late payment times (4.3 days) while the communications sector is the slowest (8.2 days).

**Table 1: Late payments by Sector**

INDUSTRY	March 2019	March 2018	YoY %
Communications	8.2	6.9	19%
Electric, Gas, And Sanitary Services	8.1	8.7	-6%
Fishing	7.7	8.1	-4%
Wholesale Trade	7.7	9.1	-15%
Retail Trade	7.5	7.2	3%
Manufacturing	7.4	9.4	-21%
Forestry	7.2	7.2	0%
Transportation	6.8	7.6	-10%
Finance, Insurance, And Real Estate	6.7	6.2	7%
Construction	6.6	7.8	-16%
Mining	6.5	8.1	-20%
<b>Total average</b>	<b>6.4</b>	<b>6.8</b>	<b>-6%</b>
Public Administration	6.3	6.5	-4%
Unknown	6.1	6.4	-3%
Services	5.7	6.0	-4%
Agriculture	4.3	4.9	-12%

illion economic adviser Stephen Koukoulas, said one of the most notable changes to this quarterly analysis was the jump in late payments by New Zealand’s ‘micro businesses’.

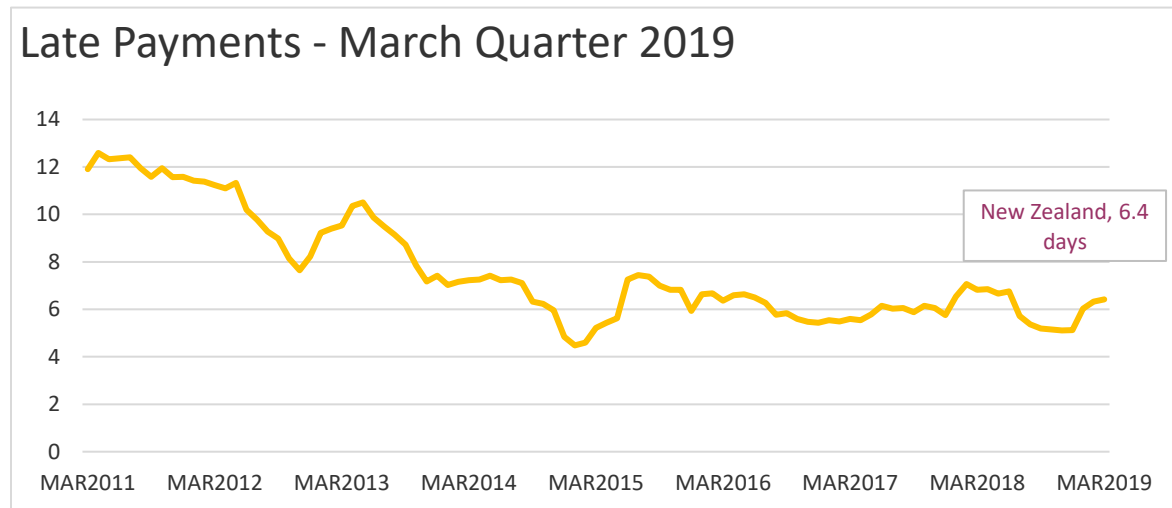
“The more general slowdown in housing is also linked with micro business owners, who typically leverage equity to access loans for their business,” Mr Koukoulas said.



New Zealand house prices slumped more than 12 percent last March and up to 20 percent in Auckland as a result of New Zealand’s ban on foreign buyers and other changes such as an increased capital gains tax rate and tighter lending by the banks<sup>4 5</sup>.

“New Zealand’s manufacturing sector was the standout performer last quarter, with Kiwi manufacturers improving their late payment record by 21 percent compared with the same time last year,” he said.

There was also a corresponding increase in the number of prompt payments by New Zealand’s manufacturers.



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### About illion NZ

illion is proud to be a longstanding Kiwi business. It has been operating here since 1903, and employs more than 200 people in its technology and commercial hubs in Hamilton, New Plymouth and Auckland.

illion is uniquely placed to support New Zealand businesses and consumers with comprehensive and up-to-date understanding of the local credit industry. As the country’s largest Fintech, Credit Simple is used by one in six adult Kiwis.

Over the past four years, more than NZ\$60 million has been invested into the New Zealand business and this investment will continue. We are a champion of Kiwi can-do and know-how, exporting our technology, smarts and entrepreneurialism around the globe including to Australia, the United Kingdom and North America.

<sup>4</sup> [https://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=12221621](https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12221621)

<sup>5</sup> <https://www.newstalkzb.co.nz/news/business/house-sales-slump-as-foreign-buyer-ban-bites/>