

| 4th Quarter Analysis 2017

New Zealand Late Payments





79.1% of invoices
paid on time in Q4



Christchurch late
payment time
up 14%



Late payment time for
smallest firms up 14.8%



Agriculture best
sector at
4.5 days

Late payment times edged higher in 2017

The average late payment time for a New Zealand business rose 9.7 percent during 2017, according to illion's Late Payments analysis. Despite the annual increase, the late payment time for an overdue invoice was 5.8 days in Q4 2017, representing a marginal decline of 2 percent compared to the September quarter. The latest average late payment time is just 0.5 days off the record low of 5.3 days set in the fourth quarter of 2016.

Late payments - Q4 2017



“Late payments remained near historical lows in the December quarter, reflecting the solid fundamentals in the New Zealand economy. Firms remain the beneficiaries of a healthy rate of economic growth, low unemployment and near record low interest rates, all of which are helping to support cash flows, which is a critical element in determining late payment times.”

Stephen Koukoulas
illion Economic Adviser

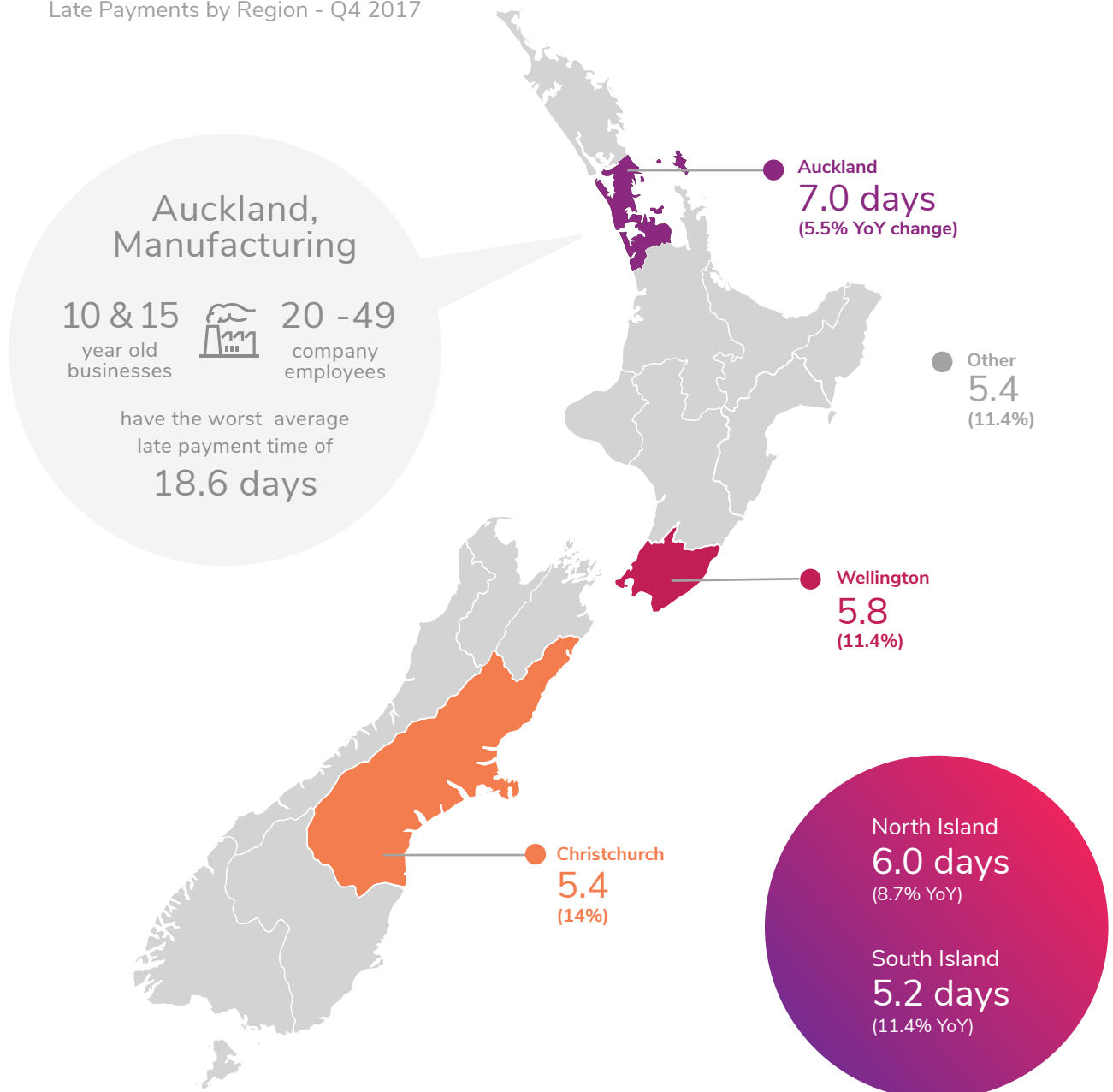
Late Payments by Region

While Auckland remains the worst region for late payment times, Christchurch recorded the largest annual increase, with payment times rising 14 percent from 4.8 days to 5.4 days. At 6.0 days, the North Island average remains well behind the South Island (5.2 days), although the gap tightened during the year as the South Island figure rose 11.4 percent on an annual basis.

“The fact that Auckland continues to have the highest late payment times is in large part due to the high concentration of large firms in that city. As our analysis shows, firms with more than 500 employees have the longest late payment times, while smaller firms have the lowest level of late payments. Late payment times outside Auckland are remarkably similar at between 5.4 and 5.8 days.”

Stephen Koukoulas
Illion Economic Adviser

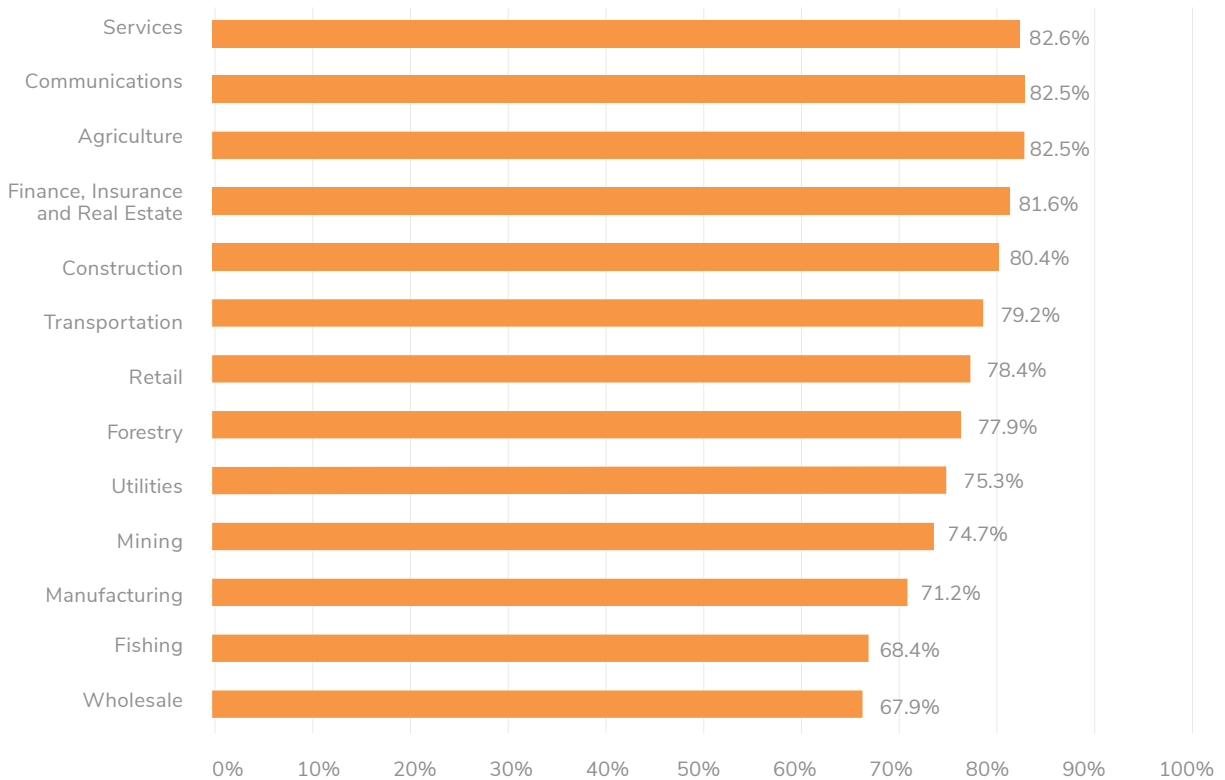
Late Payments by Region - Q4 2017



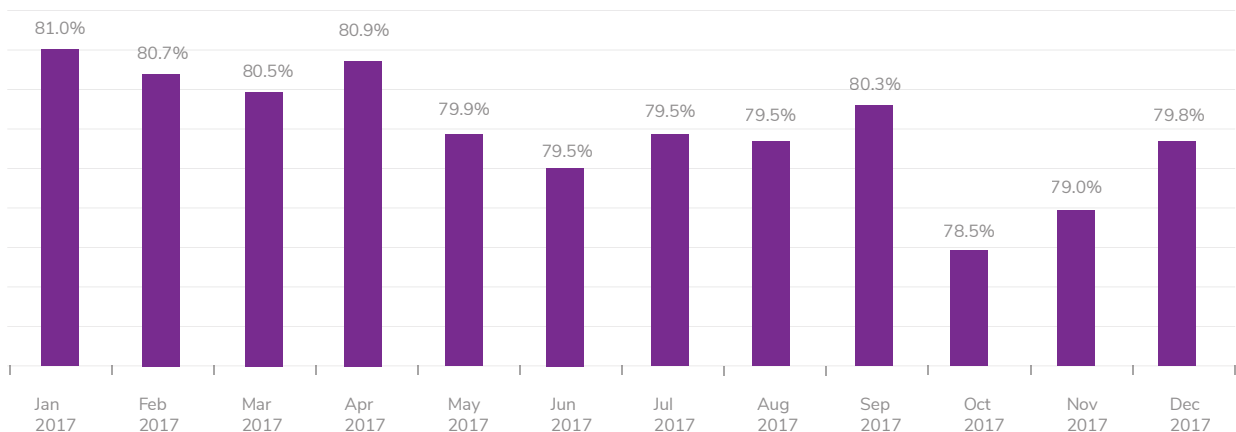
Who pays on time?

Prompt payments closed out the year on an upward trajectory for the final quarter of 2017, with 79.1 percent of invoices paid on time during Q4. This remains below the high of 81.0 percent set at the beginning of the year, but the short-term trend is an encouraging one of more businesses being paid on time. Services had the highest percentage of invoices settled according to terms, while Wholesale had the lowest at 67.9 percent.

Invoices Paid Promptly by Sector Q4 2017



Prompt Payments All Industries 2017



Late Payments by Sector

Businesses operating in the Communications sector recorded the largest annual percentage drop in late payment times during 2017, down 20.7 percent from 6.6 days in Q4 2016 to 5.2 days by the end of the year. Agriculture remains the best industry for late payment times, a position it has now held since the June quarter of 2016.

“While late payments remained low, they were up marginally (0.5 days) from the level a year earlier. The industries to buck this overall trend and to record falls in late payment times were Utilities, Fishing and Communications. Manufacturing remained the sector with the longest late payment times at 8.1 days.”

Stephen Koukoulas
Illion Economic Adviser

Late Payments by Sector - Q4 2017



Late Payments by Size

Firms of all sizes saw late payment times increase between the third and fourth quarters of 2017. The smallest businesses, however, saw the largest annual increase. Businesses with between 1 and 5 employees recorded an annual rise of 14.8 percent, with late payment times rising from 5.3 days to 6.0 days during the year. The largest annual decrease, 13 percent, was recorded by entities with between 6 and 19 employees.

Late Payments by Company Size - Q4 2017



“ Large firms (500 and more employees) continue to experience the longest late payment times at 7.7 days. Small firms (1 to 5 employees) experienced a rise in late payments from 5.3 to 6.0 days, but this was broadly offset by firms with between 6 and 19 employees, which saw late payment times fall from 5.9 days to 5.2 days. ”

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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