



New Zealand Firms Taking Longer to Pay Bills

New Zealand businesses took an extra two days to pay already delinquent debts in the March quarter as they struggle in a tepid economic recovery dealing with the impact of February's Christchurch quake.

Almost 60 per cent of local companies made late payments in the first three months of the year, at an average wait of almost 46 days in the period, according to Dun & Bradstreet research.

The annual average was 44.5 days, and all sectors, except forestry and electric, gas and sanitary, took longer to pay their bills in the period.

No industry managed an average trade payment time of lower than 39 days.

"What our data shows is not only the lingering effect of outside forces on our economy, but the importance of account management and improved cash flows to the country's economic recovery," NZ general manager John Scott said in a statement.

"No business will survive in the long-term without strong cash flows, no matter how solid their revenue."

Public administration agencies took the longest to repay debts in the March quarter at an average 51.1 days, while communications was at 49.7 days, electric, gas and sanitary was at 48.7 days, manufacturing at 48.4 days, and construction at 48.3 days.

The fastest sector to repay bills was mining at 41 days, forestry at 41.6 days, finance, insurance and real estate at 43.3 days, and transportation at 43.5 days.

Average payment terms across the whole public sector were 47.3 days in the quarter, while private sector payments were at an average 45.9 days.

The data showed big businesses, with 500 or more employees, were the least likely to pay invoices on time, though smaller firms reported a bigger deterioration in repayments behaviour in the December and March quarters.

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Cash flow management and debt recovery are two key factors in ensuring the profitability of your business. If you require assistance or advice to better control these factors, please contact Brent or Hamish or request an appointment on the website.

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