



Payment times factsheet

Government agencies are required to pay 90% of their domestic invoices within five business days and 90% of other domestic invoices within 10 business days from 1 January 2025. This increases to 95% from 1 January 2026.

This factsheet provides suggestions to improve payment times and guidance on payment time reporting criteria.

Most suggestions to improve payment times require some form of change management to influence people at various touch points of the procure-to-pay process. The suggestions cater for a wide array of invoicing systems and processes. Not all of them will be applicable to your environment, e.g. some suggestions will not be relevant if most of your invoices are already preapproved via a goods receipted purchase order.

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Guidance to improve payment times

*The table below outlines **best practice approaches for your people to follow**. To implement most of these, some form of change management is required for your people in finance, management or the wider businesses.*

Best practice	Example or context
Encourage faster invoice processing through education and awareness with your suppliers about information their invoice should contain	Suppliers should be encouraged to provide valid invoices that align with IRD requirements and your internal system or manual validation requirements. Ensure suppliers provide the required supporting documentation. If you use an invoice scraping tool, encourage your suppliers to not alter the format of their invoices. Discourage your suppliers from issuing

Best practice	Example or context
	invoices before completion of the service. Ensure your suppliers send invoices to the correct agency and the address details are correct.
Empower your accounts payable team by sharing your progress towards the 95% / 10-day target	Some accounts payable teams have said they are motivated by the 95% / 10-day target and how they are tracking against other agencies. Share quarterly updates and celebrate success.
Encourage faster invoice processing through education and awareness with your team	Everyone who helps process an invoice should understand their responsibilities and how to use the required tools. Ensure your online resources and procedures are easy to find and follow. Run regular training sessions. Highlight the importance of receipting goods and giving the supplier accurate reference information. Celebrate high performers.
Encourage faster invoice processing through reporting and accountability	A major cause of delays is due to invoices sitting with the business for coding, approval or goods receipting. Consider commissioning a report to track and monitor processing times by business area. A RAG (Red, Amber, Green) report can be effective and tabled at appropriate meetings. Organisations who have prioritised faster payments regularly monitor performance at their top management table. Consider KPIs for responsible parties and incorporate this into their performance discussions and annual review outcomes. Identify root causes and offer solutions to resolve such as; follow up with poor performers, offer additional training and ensure internal procedures are clear and up to date. Task your accounts payable team to follow up with actions.
Automated workflow reminders for items waiting to be coded or approved	Consider implementing automated workflow reminders within your system if you do not have them set up already. Invoice coders or approvers often need reminding that there are items requiring action – reminders sent every three days are common.
Provide accurate invoice reference information to suppliers when goods or services are requisitioned	Requisitioners should clearly communicate invoice requirements to suppliers at the time of purchase, e.g. provide the correct cost centre, account code, purchase order number, contact name, and confirm where or how to send the invoice or eInvoice. Referencing your finance systems supplier number can also speed up processing times.
Provide timely and accurate invoice reference information to accounts payable team	If an invoice does not have the required or accurate reference information, ensure invoice coders or approvers are empowered and educated to provide this information to your accounts payable team in a timely manner.

Best practice	Example or context
Ensure valid contract or other preapproval processes have been adhered to	Those responsible for requisitioning or providing pre-approval should be empowered and educated to follow your internal processes and use your tools.
Review supplier set up process for first time invoices	Ensure your supplier set up requirements and related security requirements are fit for purpose. You may have unnecessary validations which are no longer best practice. Review and test your rules and validation regularly.
Review supplier maintenance process	Review your guidance and communication tools for suppliers so they are aware and encouraged to communicate changes regarding their bank account, GST numbers or Withholding Tax information.
Review user profile management process for staff changes and delegation database updates	Ensure you have a robust user profile management process, so that your people can easily find and understand when staff are onboarded, offboarded or if there have been movements across your organisation. An up-to-date financial delegations database or integration to your HRIS can help avoid a scenario where the offboarding or staff movement process was not followed and an invoice is submitted for coding or approval to a staff member who has left your organisation or moved teams.
Ensure temporary financial delegations are set up when an invoice approver is away on annual leave	Review your applicable policies, communication tools and controls to ensure they are fit for purpose. Audit noncompliance and communicate with poor performers.
Ensure timely and appropriate controls are in place and adhered to for invoices in dispute or noncompliant invoices	Problematic invoices are sometimes not put into dispute, or a credit note has not been requested. Ensure adequate policies, communication tools and controls are in place to avoid this. Note that disputed invoices are or can be excluded from reporting thresholds.
A cleaner chart of accounts with documentation for coders and managers to ease the invoice process	Is your chart of accounts easy to access? Does it have clear and concise description? Review this annually.
Consider centralised coding and approval of high volume, low value, invoices	Invoices for high volume transactions that span your business may be best processed centrally via a consolidated invoice.
Consider consolidated electronic invoices (e.g. an import file)	Take centralised coding and approval of invoices for high volume transactions one step further and work with the vendor to receive the data digitally. Process these transactions as a consolidated electronic invoice.

Best practice	Example or context
Appoint an executive sponsor tasked with implement and monitoring changes to speed up payment times	Ensure there is sponsorship at a senior level to prioritise faster payment. The sponsor is usually responsible for signing out any commentary, and any follow up activity, should your agency consistently not meet the payment time targets.

The table below outlines **system configuration or enhancements**. Your financial systems team is best placed to implement many of these.

Best practice	Example or context
Implement eInvoicing	eInvoices can be processed faster as the data arrives directly in your finance system. As the data is structured, errors are less likely and suppliers can be paid faster.
Implement a purchase order system	Most agencies who are meeting the 95% / 10-day target use purchase orders for the majority of their invoice types. Purchase orders mean invoices are preapproved which speeds up payment times. Purchase order systems are worth considering if you have a high volume of invoices. Be prepared for processing to temporarily slow down while the new process is embedded with your people.
Upgrade or replace your finance system (FMIS)	You may have an aging finance systems environment which is due to be upgraded or replaced. Consider fast tracking this work so you have a more fit for purpose environment to enable faster payment to your suppliers.
Update your payment terms to pay now	If you haven't already, change your system configuration to all invoices are set to "pay now" based on the invoice date regardless of the invoice due date.
Increase the frequency of your payment runs	Move to daily payment runs if feasible. Best practice is a minimum of three payment runs per week. Payment runs can be time consuming due to the various validations and spot checks required. Consider spreading the load and recruiting people in your wider business to support the process. Run a pool where business reviewers take their turn at validating and approving components of your payment runs.

Best practice	Example or context
Review your scanning / OCR provider services	<p>If you use an automated invoice data capture/OCR system, make sure it's optimised as much as possible. Ask your provider whether they can also support eInvoicing (so structured invoice information can be directly received), and/or other tools to scrape invoice data more accurately (e.g. some providers now use tools with artificial intelligence for this purpose).</p> <p>If your existing contract is up for renewal, consider going to market. Review the validation rules applied by your scanning provider and consider removing any unnecessary blockers.</p>
Is your contract management system fit for purpose	Some organisations have 'bolt-on' contract management systems. Does your main invoicing system now provide a contract management system add-on that is worth exploring? Contract management systems are useful to provide audit background to enable faster approval of an invoice.
Do you have best practice workflow and a centralised invoicing mailbox	Do you have an outdated invoice receipt process where suppliers send invoices directly to business contacts who then arrange for coding and approval prior to being sent for payment? Best practice is a centralised mailbox where suppliers send invoices. They are then integrated and go through workflow or are entered into your finance system and then go through workflow via an electronic coding and approval or purchase order process.
Is your electronic workflow system fit for purpose	Good electronic workflow systems can result in more accurate monitoring and performance data.
Utilise the New Zealand Business Number (NZBN) database to update your supplier master data	The NZBN provides accurate, up-to-date supplier information and is also the eInvoicing 'phone number' required for exchanging eInvoices. Ensure your supplier master data is up to date. If your supplier master data is known to be out of date, consider a programme of work to update and cleanse the data and repeat at regular intervals (e.g. via a regular download of NZBN data to help maintain your supplier records).
Review your end to end procure to pay (P2P) process and associated software	After taking into consideration the suggestions in this document, initiate a review of your P2P process and software. This will help identify opportunities as well as any pain points which are holding up invoice payments, e.g. opportunities to standardise business processes related to your workflow system.

Best practice	Example or context
Explore your finance systems environment for any functionality to further assist your P2P processes	You may find you have functionality already in your finance system which can easily be unlocked and/or configured.

Reporting guidance

The section below provides **reporting criteria**, as specified in [procurement rule 51A: Prompt Payment times](#), for your quarterly payment time reporting submission. Adherence to the criteria will ensure consistent and accurate reporting across agencies.

The 5 and 10-day payment requirements apply from the day an **invoice is entered into an accounts payable system**. This may differ from the date specified on the invoice.

Invoices entered into an accounts payable system during a quarter, but paid in the next quarter, should be captured in the original quarter where it was first entered into the system. This means when you capture data for quarterly reporting, you will need to allow at least 10 working days after the quarter to extract the data. This is because some invoices entered towards the end of a quarter will likely be paid in the subsequent quarter but still within 10 working days.

Below is an extract from the approved Cabinet paper. It outlines the types of invoices in and out of scope for payment time reporting:

The requirements will only apply to domestic trade invoices

21. The requirements will apply to invoices related only to domestic trade credit that are received or sent by an agency in the ordinary course of its business (explanatory note below refers). Requests for payment that are out of scope include:
 - 21.1 reimbursement of employee expenses;
 - 21.2 rents, leases and utilities (office space, power, telecoms etc);
 - 21.3 credit card statements, finance payments, and insurance premiums;
 - 21.4 payments made regularly as part of an ongoing contract, which don't require an invoice, such as progress payments on a roading contract.

22. Requests for payment in these contexts are not considered invoices for the purposes of the Procurement Rule. Including them would skew payment time reporting and add unnecessary complexity.

23. For the purposes of the new Procurement Rule, the terms above are defined as follows:

23.1 Invoice is a document or electronic message that signals a requirement to pay for goods or services that the business issuing the invoice has provided the agency. Invoices must contain the required information and be sent to the right address.

23.2 Domestic means that the requested payment is in \$NZD, for goods or services supplied within New Zealand, by an entity that carries on business in New Zealand.

23.3 Trade credit is where there is agreement for a delay between supply of goods or services and payment for those goods or services. In other words, the good or service must already have been provided (to the required standard and quantity).

23.4 Ordinary course of business means that, for the agency making payment, the invoice is usual or otherwise unremarkable (ie invoices of that type would be processed regularly, using the standard accounts payable process). This excludes invoices that are so significant that extraordinary checks and approvals are required (eg payments for significant infrastructure).

Invoice payment time requirements will not apply while an invoice is disputed

24. Due diligence on invoices is critical to ensure appropriate expenditure of public money. Agencies will not be required to pay invoices within the payment times set out in Rule 51A if:

24.1 the goods, services or works are unsatisfactory or incomplete;

24.2 the invoiced amount is in dispute;

24.3 an invoice is incomplete or incorrectly rendered.

Data collection and publishing

The section below outlines the **data collection and reporting process** along with approximate timing.

- Data is collected by MBIE via an online survey.
- The survey request is sent via email to each agencies nominated contact/s and the respective CFO or equivalent.
- The email is usually sent late in the month after each quarterly reporting period. For example, the survey capturing data for the January to March 2025 quarter will be issued around mid-April 2025.
- Agencies have around three weeks to complete the survey.
- The results are then consolidated, shared with the Minister for Small Business and then published on [MBIE's website](#).
- Concurrently, the detailed results are shared with respondents and CFOs via email.

The suggestions to improve payment times outlined in this document are based off data received from central government agencies in previous surveys. Feedback and suggestions to enhance this document are encouraged. Please contact eInvoicing@mbie.govt.nz.