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Reduced number of businesses

Provisionally, the total number of businesses in New Zealand at February 2010 was 470,000, down 1.7 percent from 2009, Statistics New Zealand said today. This is the first decrease in the total number of businesses recorded over the past nine years. The construction industry had the largest drop in the number of businesses, down 2,800 from February 2009.

At February 2010, the total number of paid employees (a business size measure statistic, not an official employment statistic) for all businesses was 1.89 million, a 1.9 percent decrease from February 2009. The manufacturing industry had the largest decrease in the number of paid employees over the past year followed by construction.

"The reduction in the total number of businesses and employees is likely to be a reflection of the residual influence of the economic recession in 2008/09 and subsequent subdued economic activity," Statistics NZ's business infrastructure and performance manager Gary Dunnet said.

Provisionally, there has been a significant reduction in the number of business start-ups - there were 44,000 over the year ended February 2010, down 20.4 percent from the previous year. The number of business closures over the year was 55,000, up 6.0 percent on the previous year. This is the first year since 2001 that business closures have exceeded business start-ups.

Analysis of business start-ups from previous years shows that of the 43,000 new businesses that first started operation in 2001, 80 percent were still operating in 2002, 45 percent in 2006, and 31 percent in 2010. Non-employed new businesses from 2001 had a significantly lower proportion surviving the nine years compared with businesses that had paid employees.

The new Auckland Council region that comes into existence on 1 November 2010 had an estimated 31 percent of the business locations and 32 percent of the paid employees in New Zealand. The Auckland Council region had 48 percent of the business locations in the information media and telecommunications industry in New Zealand, but only 6 percent of the agriculture, forestry, and fishing business locations in New Zealand.

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