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Reduced number of business start-ups

Over the year ended February 2009, provisionally there were 52,000 business start-ups in New Zealand, down 15 percent from 2008, Statistics New Zealand said today. This is the lowest number of business start-ups recorded since 2003. During the year ended February 2009, the provisional number of business closures was 53,000, an increase of 3 percent from the previous year.

Provisionally the total number of businesses in New Zealand at February 2009 was 477,000, displaying little change (an increase of 0.3 percent) from 2008, compared with an increase of 2 percent in the total number of businesses between 2007 and 2008. Note that the 2009 count of businesses includes businesses that were temporarily ceased in February 2008, but operating in February 2009. These businesses are not included in the business start-up statistics.

At February 2009, the total number of paid employees (a business size measure statistic, not an official employment statistic) for all businesses was 1.92 million, a 3 percent decrease from February 2008. Continuing businesses contributed most of this decrease. This is the first decrease in the total number of paid employees since the current series commenced in 2000.

Analysis of business start-ups from prior years shows that of the 61,000 new businesses in the February 2008 year, 50,000 (82 percent) were still operating the following year, while the remaining 11,000 (18 percent) ceased operation within 12 months. A similar ratio appears for surviving new businesses (that continue operation for at least one year) each year from 2001 to 2008.

Of the 43,000 new businesses that first started operation in 2001, 58 percent were still operating in 2004, 40 percent in 2007, and 34 percent were still operating in 2009. Non-employed new businesses from 2001 had a significantly lower proportion surviving the eight years compared with businesses that had paid employees.

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