MEDIA RELEASE

Xero data reveals COVID-19’s initial impact on NZ small business sector
Insights reveal investment and fast payments for small business will boost confidence

Wellington, New Zealand — June 04, 2020 — Xero - the global small business platform, today released analysis from its Small Business Insights program for March and April, revealing the initial impact of COVID-19, the importance of the wage subsidy and what small businesses will need as they move into the rebuild and recovery phase.

Year-on-year revenue for small business fell by 10% in March and 34% in April.

Craig Hudson, Xero Managing Director of New Zealand and the Pacific Islands, says revenue numbers began to fall after New Zealand recorded its first COVID-19 case.

“Revenue dropped through March to the end of April as the pandemic hit New Zealand and we entered Alert Level 4 restrictions.

Revenue by New Zealand small businesses fell on average by 34% in April compared to a year ago, following a 10% fall in March

“We all know small businesses are feeling the pain of the economic shock caused by COVID-19, and spending habits completely changed.

“Xero is currently processing Small Business Insights data for May which will show how the small business economy fared as the country moved out of Alert Level 4.
“There is still a lot of hardship ahead, but in May we look forward to seeing the results as parts of the economy open up again,” continues Hudson.

**Job losses in the small business sector**

During the month of March, the number of jobs in small businesses dropped 4% or by approximately 24,000 employees\(^1\).

The losses levelled out towards the end of March when the Government’s wage subsidy package began to be paid out to small businesses across the country.

Hudson says it’s clear the wage subsidy package was an important piece of the puzzle in order for small businesses to retain staff as we entered the lockdown period.

“As much as it’s easy to get lost in the numbers, every single job is precious. For those that can, shopping locally and paying invoices on time will be vital to our recovery. That’s how we’ll keep money circulating through the economy and give small businesses the confidence to employ again.”

**Regional impacts**

COVID-19’s impact on regional employment was varied. Auckland, Hawke’s Bay and Northland saw decreases in employment earlier than the rest of the country. In the last week of March, Auckland employment figures were down 4.4%, alongside Northland (-3.5%) and Hawke’s Bay (-3.1%).

\(^1\) 4% of 599,880 - the total number of small business employees as defined by MBIE.  
However, by the time New Zealand had been in lock down for several weeks, these impacts were widespread across the country.

While Auckland saw the largest drop in job numbers in April (-5.7%) there were also reported declines in employment in Otago (-2.1%), the Bay of Plenty (-3.6%), Waikato (-4.3%), Wellington (-4.6%), Northland (-4.9%) and the Hawke’s Bay (-5.3%).

Hudson says: “Regardless of location, New Zealand’s small business sector has been hit hard by COVID-19. The sector will continue to need support in the tail end of this pandemic. Now more than ever, cash flow is important to small and medium businesses.

“To do your part to keep the New Zealand economy afloat and support the small business sector, the best thing to do is pay your bills promptly. If we can keep money circulating around the country, this will be one of the ways to help alleviate the economic shock of lockdown as we begin to reopen as a nation.

“Additionally, I encourage all Kiwis to get out and explore their own backyards and spend locally. Aotearoa is a country of wonder and a surge of domestic tourism would go a long way in supporting key regions that were hit hard and fast.”

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About Xero

Xero provides a beautiful and easy-to-use cloud-based accounting software service for small businesses and their advisors around the world. Xero connects more than two million subscribers with an ecosystem of over 800 third-party apps and 200 plus connections to banks and financial service providers. The IDC MarketScape recognised Xero as a Leader in the Worldwide SaaS and Cloud-Enabled Small Business Finance and Accounting Applications 2020 Vendor Assessment. On the 2020 Financial Times High-Growth Companies Asia Pacific list, Xero was the largest company by revenue to come from New Zealand or Australia. Xero has also been included in the 2020 Bloomberg Gender-Equality Index.

About Xero Small Business Insights

The Xero Small Business Insights program provides analysis of the sector’s health, with metrics based on anonymised, aggregated data drawn from hundreds of thousands of subscribers. The result is a picture of business conditions that’s more accurate than most private surveys, which have a far smaller sample size, and more frequently updated than other New Zealand data on small business.

Xero is currently producing a series of specialised monthly metrics, which provide a week by week view of the impact of the COVID-19 event.