

# **Xero Small Business Insights**

## **New Zealand Update**

January - March 2026

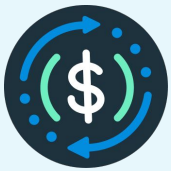
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*Published 30 April 2026*



# Slow recovery continues amid fuel shock risks

## Average results for three months to March 2026



### Sales

+3.9% y/y



### Jobs

+1.1% y/y



### Wages

+2.2% y/y



### Time to be paid

23.8 days



### Late payments

4.5 days

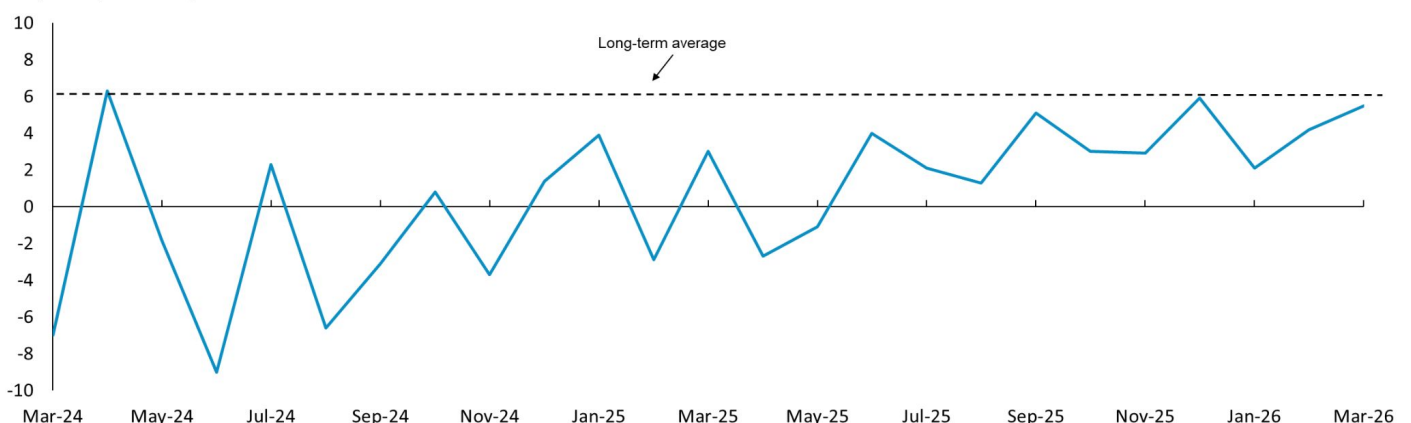
The latest Xero Small Business Insights (XSBI) data for New Zealand shows small businesses continue to gradually build on the improvements seen in the second half of last year. In particular, the pick-up in jobs growth suggest small business owners are starting to feel slightly more confident about the sustainability of the sales recovery. This confidence is likely to be tested in the coming months, amid ongoing high fuel prices and growing concerns about fuel availability.

**Small business sales rose 3.9% year-on-year (y/y) in the March quarter**, after an identical rise in the December quarter (revised down from 4.8% y/y). Sales momentum built over the quarter, with sales rising 2.1% y/y in January, 4.2% y/y in February and 5.5% y/y in March.

**The monthly March data is an early insight into how small businesses are being impacted by the fuel price spike caused by the conflict in the Middle East.** XSBI sales are measured in nominal terms, which includes changes in both sales volumes and prices. CPI data helps to understand how much of the March sales rise is due to prices and how much is due to higher sales volumes. Is the CPI showing broad based price increases or isolated spikes in fuel prices? The [latest CPI](#) data shows prices paid by consumers rose an average of 0.9% in the March quarter, up from 0.6% in the December quarter. Fuel prices were the biggest contributor to this quarterly rise, with much of that gain coming in the month of March. That is, the CPI isn't yet showing a broad based rise in inflation. This suggests the latest month of XSBI sales growth is most likely reflecting a genuine improvement in activity rather than being due to higher prices.

## Small business sales, New Zealand

% , year-on-year, monthly



Source: Xero Small Business Insights

**Sales growth was more broad based across industries this quarter.** The best performing industries were other services (+5.4% y/y) and retail trade (+5.1% y/y). Some of the spending in these is discretionary, which suggests the impact of earlier cuts in the official cash rate are now benefiting small businesses selling non-essentials. Similarly, hospitality (+4.0% y/y) had its best quarter in nearly 3 years. Construction (+4.0% y/y) is also finally improving, recording its second consecutive quarter of positive sales growth.

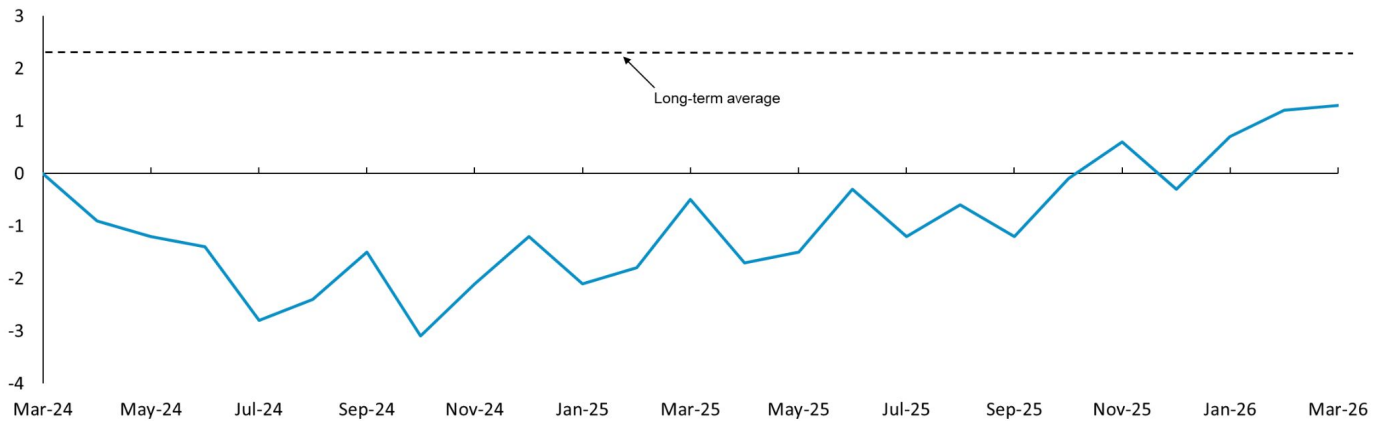
The South Island's Canterbury (+6.5% y/y) and Otago (+5.8% y/y) continued to have the strongest sales performance. Although Auckland (+3.9% y/y), Wellington (+2.9% y/y) and Northland (+1.4% y/y) all had larger rises in sales this quarter than the previous one.

**The improvement in sales is giving small business owners confidence about hiring again.** Jobs rose 1.1% y/y in the March quarter, after a 0.1% rise in the December quarter. Agriculture (+6.0% y/y) led the gains, followed by manufacturing (+2.6% y/y). Construction's recent improvement in sales is also being reflected in employment, which grew 0.3% y/y in the March quarter - the first quarterly rise in jobs in over 2 years. Despite better recent sales performances, jobs are yet to return to retail trade (-2.5% y/y) or hospitality (-3.7% y/y).

Canterbury (+4.4% y/y) and Otago (2.6% y/y) led the regional jobs gains this quarter. Meanwhile, both Auckland (-0.7% y/y) and Wellington (-0.5% y/y) continue to have fewer jobs than a year ago.

### Small business jobs, New Zealand

% , year-on-year, monthly

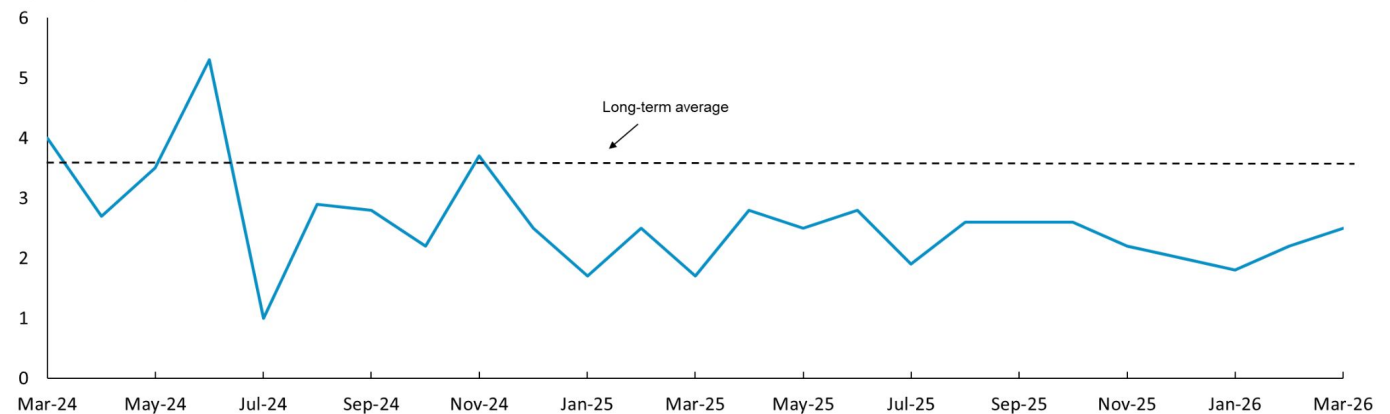


Source: Xero Small Business Insights

**Wages rose 2.2% in the March quarter, similar to the 2.3% rise in the December quarter.** This result is still well below the historical average (+3.6% y/y) and reflects the excess capacity in the labour market, with the jobs recovery still in the early stages.

### Employee hourly earnings, New Zealand

% , year-on-year, monthly



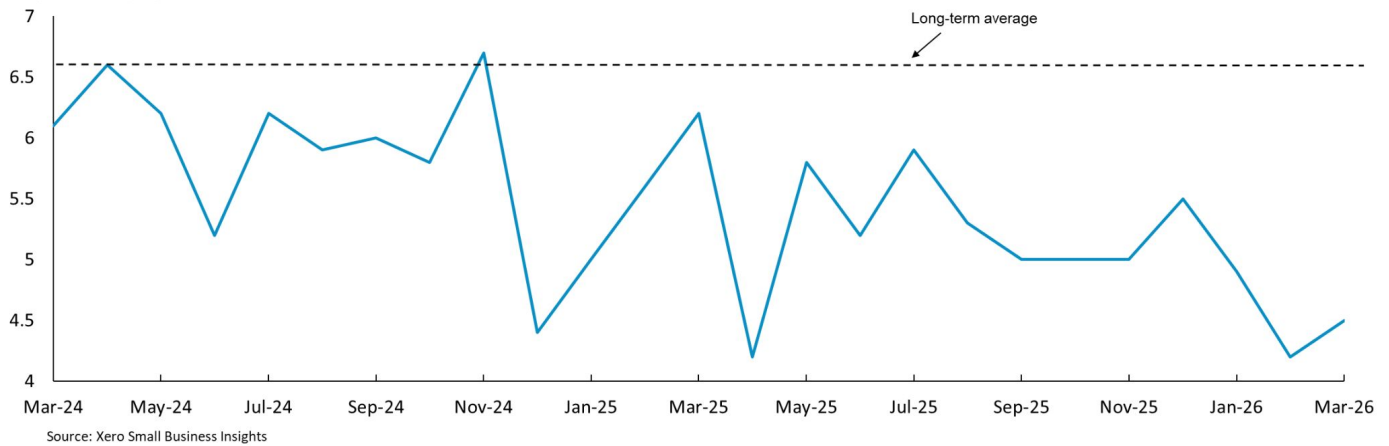
Source: Xero Small Business Insights

**Both measures of payment times improved in the quarter, which should help cash flow management.** On average small businesses were paid 4.5 days late in the March quarter, down from 5.2 days in the December quarter (revised up from 4.5 days). The latest result is the lowest level since the series began (in January 2017). Of course, this means that small businesses are, on average, still being paid late suggesting there is more work to do in this important policy area.

The average length of time small businesses waited to be paid, after issuing an invoice, was 23.8 days - the best result since late 2021. Although the exceptional March monthly result (22.4 days) is likely to reflect the end of the financial year rather than a genuine improvement. Past experience with this series suggests this is likely to be revised up a little in future months as more data becomes available for March.

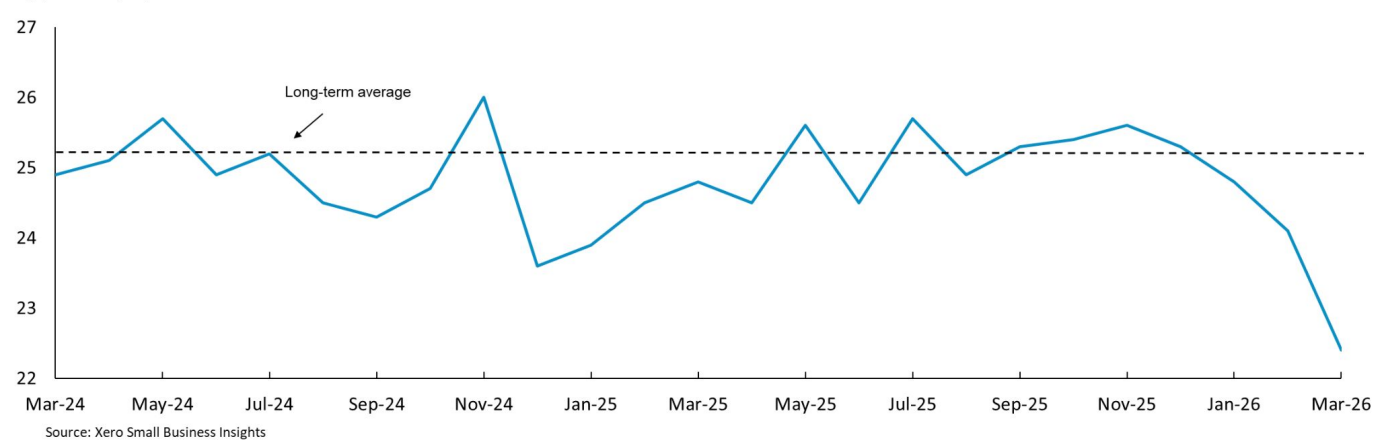
### Average late payments, New Zealand

Days, seasonally adjusted



### Time to be paid, New Zealand

Days, seasonally adjusted



**Overall,** the latest XSBI data confirms that the recovery in the NZ economy continues to build.

**Looking ahead,** the impact of higher fuel prices is the main risk to the outlook, coupled with mounting concerns about fuel availability. This external shock has come at a critical time for the recovery, which has just started to gather momentum and look sustainable. This sudden price spike hurts small businesses both directly, through rising costs of fuel (and eventually many other inputs), and indirectly, as customers are left with less to spend on non-fuel goods and services. Importantly, it is still early days in this crisis and the fuel price impacts have not yet worked through the economy. To date much of the price impacts are in fuel-exposed industries, such as transport and logistics. However, business profit margins can't absorb these dramatically higher fuel prices indefinitely. These rising transport costs are likely to increasingly flow through to the price of goods and services across many industries in the coming months, spreading the economic damage and further squeezing household budgets.

Fuel prices are unlikely to come down meaningfully any time soon, given it will take [many months](#) for the world oil market to return to 'normal', even after the Strait of Hormuz is reopened. In addition, the longer fuel prices remain high the greater the risk that the Reserve Bank of New Zealand will respond with an increase in the cash rate to combat the widening inflation shock. As a country dependent on fuel imports, the risk of actual fuel shortages rises the longer hostilities continue. Current advice is that fuel stocks are sufficient and small businesses should continue to buy and use fuel as normal. The NZ Government is working to secure future supply, given an inability to access fuel would clearly have a bigger negative impact on the country than the price hikes have to date.

During periods of major geopolitical upheaval that are outside their control, small business owners need to continue to focus on the aspects of their business they can influence - such as managing cash flow, using prompt payment practices and delivering great customer service.

# Additional details about Xero Small Business Insights

## About Xero

[Xero](#) is a global small business platform that helps customers supercharge their business by bringing together the most important small business tools, including accounting, payroll and payments — on one platform. Xero's powerful platform helps customers automate routine tasks, get timely insights, and connects them with their data, their apps, and their accountant or bookkeeper so they can focus on what really matters. Trusted by millions of small businesses and accountants and bookkeepers globally, Xero makes life better for people in small business, their advisors, and communities around the world.

## About Xero Small Business Insights

The aim of Xero Small Business Insights is to create insights to help inform decision makers in support of the small business economy as a whole. The principal source of small business insights in this report is customer data from Xero - a small business platform that supports online accounting and a range of other applications. Xero is a responsible custodian of our customers' sensitive data and does not release any data that could identify individual businesses. The data used is aggregated and anonymised to ensure the privacy of Xero subscribers, and their counterparts.

As of 2026, the XSBI sample size was over 1.1 million small businesses - 520,000 (Australia); 440,000 (UK); 144,000 (NZ); 32,000 (US) and 12,000 (Canada).

As part of the program, we publish regular blogs and research notes and deep-dive Special Reports on specific small business topics. These can all be found at [xero.com/xerosbi](https://xero.com/xerosbi).

## Methodology

Changes were made to the XSBI methodology in 2025. This includes changing the definition used for a small business and the way we identify region-based businesses. Full details of the methodology used to construct Xero Small Business Insights can be found [here](#).

## Disclaimer

This report was prepared using Xero Small Business Insights data and publicly available data for the purpose of informing and developing policies to support small businesses.

This report includes and is in parts based on assumptions or estimates. It contains general information only and should not be taken as taxation, financial, investment or legal advice. Xero recommends that readers always obtain specific and detailed professional advice about any business decision.

The insights in this report were created from the data that was available as at the date it was extracted. Data used was anonymised and aggregated to ensure individual businesses cannot be identified.