Strong sales growth is underpinning the recovery in small businesses in Australia, New Zealand and the United Kingdom so far in 2022. Rising COVID cases since late 2021 have, at differing times, impacted on workforce availability and the jobs measure used in the Index. In contrast, sales have continued to perform well even during these disrupted periods.

Sales grew 15.2% y/y in Australia, 13.3% y/y in New Zealand and 18.3% y/y in the United Kingdom during February. Even adjusting for the impact of base effects in the United Kingdom, which continue to impact there, sales grew 8.8% y/y. These healthy results are supporting the small business recovery and reflect the adaptability of small businesses.

There continue to be disparities across industries in all three countries. For example, hospitality is the softest sector in all three countries - (AU +6.7% y/y, UK +4.2% y/y (adjusted), NZ - 3.0% y/y). In contrast, those small businesses that could easily switch to working-from-home arrangements continue to record strong sales growth, such as administrative services (AU +24.6% y/y, UK +12.6% y/y adjusted).

Looking ahead, sales growth should be underpinned in the coming months by the high household savings ratios. These are all at above pre-pandemic levels at 13.6% (AU), 5.8% (NZ) and 8.6% (UK). The main risks to sales growth is the potential for higher mortgage rates and slowing (or falling) real wages growth, if rising inflation outweighs rising nominal wages growth.

Source: Xero Small Business Insights, Accenture methodology

1 We use annualised two-year growth adjust for the base effects caused by low 2020 and 2021 readings.
2 ABS National Accounts, RBNZ, ONS Economic Accounts
Small business jobs, international comparison
% year-on-year, monthly

Australia

New Zealand

United Kingdom

Looking through the impact of COVID-19, by averaging 2021 and 2022 results, jobs growth in February was -4.3% y/y

Source: Xero Business Insights, Accenture methodology

Small business wages, international comparison
% year-on-year, monthly

Australia

New Zealand

United Kingdom

Looking through the impact of COVID-19, by averaging 2021 and 2022 results, wages growth in February was +2.6% y/y

Source: Xero Small Business Insights, Accenture methodology

Small business time to be paid, international comparison
days, seasonally adjusted

Australia

New Zealand

United Kingdom

Source: Xero Small Business Insights, Accenture methodology
About Xero
Xero is a cloud-based accounting software platform for small businesses with over 3 million subscribers globally. Through Xero, small business owners and their advisors have access to real-time financial data any time, anywhere and on any device. Xero offers an ecosystem of over 1,000 third-party apps and 300 plus connections to banks and other financial partners. For three consecutive years (2020-2022), Xero has been included in the Bloomberg Gender-Equality Index. In 2021, Xero was included in the Dow Jones Sustainability Index (DJSI), powered by the S&P Global Corporate Sustainability Assessment and in 2020, Xero was recognised by IDC MarketScape as a leader in its worldwide SaaS and cloud-enabled small business finance and accounting applications vendor assessment.

About Accenture
Accenture worked in collaboration with Xero on the design and methodology of the Index prior to February 2022. Accenture is a global professional services company with leading capabilities in digital, cloud and security. Combining unmatched experience and specialized skills across more than 40 industries, we offer Strategy and Consulting, Interactive, Technology and Operations services—all powered by the world’s largest network of Advanced Technology and Intelligent Operations centers. Our 569,000 people deliver on the promise of technology and human ingenuity every day, serving clients in more than 120 countries. We embrace the power of change to create value and shared success for our clients, people, shareholders, partners and communities. Visit us at www.accenture.com.

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. These insights were produced by Xero and Accenture for Xero Small Business Insights.

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 are responsible custodians of our customers sensitive data and do 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.

Methodology
Full details of the methodology used to construct the Xero Small Business Index 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 were anonymised and aggregated to ensure individual businesses can not be identified.