In recent months jobs growth has been slowing across the three XSBI countries (New Zealand, the United Kingdom and Australia). Jobs grew a below-average 2.7% y/y in New Zealand, and fell 3.6% y/y (adjusted\(^1\)) in the United Kingdom and 1.1% y/y in Australia during March.

The slowdown in jobs growth is largely due to supply-side issues rather than because of a lack of demand from small businesses. Sales growth has been robust for most of the past year in all three countries, which suggests small businesses need more workers. The challenge is finding them.

In the United Kingdom there are fewer people either in work or looking for work than before the pandemic. This means small businesses are competing for a smaller pool of available staff. There are 7.4% fewer people working in small business than prior to the pandemic.

Small businesses in Australia and New Zealand have been contending with disrupted workplaces, due to high COVID-19 cases and isolation requirements. This was a significant issue in Australia over January and February, and in New Zealand in February and March. In addition, some sectors are also facing skills shortages as international borders in both countries have been closed to new migrants for two years.

**Small business jobs, international comparison**

<table>
<thead>
<tr>
<th>Country</th>
<th>%, year-on-year, monthly</th>
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</thead>
<tbody>
<tr>
<td>Australia</td>
<td><img src="#" alt="Graph" /></td>
</tr>
<tr>
<td>New Zealand</td>
<td><img src="#" alt="Graph" /></td>
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<tr>
<td>United Kingdom</td>
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</tbody>
</table>

Looking ahead, it is not yet clear if the lower participation rate in the United Kingdom is temporary or a permanent response to two years of pandemic and Brexit related disruptions. Borders have reopened in Australia but it will take time for new migrants to apply to move. Impacted New Zealand small businesses will need to wait until later in the year before meaningful relief to labour shortages arrives.

\(^1\) For the UK we use annualised two-year growth adjusted for the base effects caused by low 2020 and 2021 readings.
Small business sales, international comparison

Australia

New Zealand

United Kingdom

Looking through the impact of COVID-19, by averaging 2021 and 2022 results, sales growth in March was +14.1% y/y

Source: Xero Small Business Insights, Accenture methodology

Small business wages, international comparison

Australia

New Zealand

United Kingdom

Looking through the impact of COVID-19, by averaging 2021 and 2022 results, wages growth in March was +3.0% 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

xero SMALL BUSINESS INSIGHTS
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. 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.