MEDIA RELEASE

**New July data shows continued signs of small business recovery in Australia**

*Xero data shows continued gradual recovery in jobs and revenue for small businesses in Australia*

**Melbourne — August 31, 2020 —** Xero, the global small business platform, has today released new data on the health of Australia’s small business community in July from its Xero Small Business Insights (SBI) program, in partnership with research firm AlphaBeta (part of Accenture).

Based on anonymised and aggregated data of hundreds of thousands of customer records, the latest Xero SBI data shows for the second month in a row, small businesses continued to add jobs, albeit at a modest pace of 0.5% month on month in July. Small business revenue also recovered strongly in July, and is now only 1.9% lower than a year ago, after being 10.9% lower than a year ago in June.

**New South Wales and Victoria outperformed by other states**

The recovery in small business revenues is being led by the manufacturing sector, where revenues were 11% higher than July 2019. This is the second consecutive month that the sector has reported positive annual revenue growth. The gains were recorded in all states, led by manufacturers in NSW.

Small businesses in Victoria recorded more subdued revenue growth in July at 3.2% lower than a year ago. The state’s small businesses also saw a 2.5% month-on-month fall in jobs in July, led by declines in hospitality and arts & recreation, due to the return to lockdown.

On the other hand, the smaller population states of Western Australia (+1.8%), South Australia (+1.9%) and Queensland (+2.5%) recorded higher small business job gains faster than the national average.

“Our July data highlights how the different levels of restrictions in states across Australia have impacted the pace in which small businesses rebound. While the impact of Melbourne’s return to lockdown muted the overall revenue and job growth figures across the country in July, the data signals how small businesses can play a key role in jumpstarting our nation’s economy,” said Trent Innes, Managing Director Australia and Asia, Xero.

**Manufacturing leading the rebuild**

All sectors have small business jobs below the pre-crisis level, including manufacturing which was still down 3%, but the hardest hit sectors remain hospitality and arts and recreation.
"It is encouraging to see homegrown manufacturers continuing to drive small business recovery, and to see a slight improvement in the arts and recreation sector at -21% on pre-crisis levels in July, compared to the -31% low point experienced earlier in the pandemic. With Melbourne entering stage four restrictions and the rest of Victoria entering stage three in August, we are likely to see small business performance in some of the state’s biggest sectors – like construction and retail – hit the hardest in our next Small Business Insights data,” added Innes.

For further information on the July metrics, please refer to our Xero SBI Update here.

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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 (SBI) program provides analysis on the sector’s health, with its metrics based on anonymised, aggregated data drawn from hundreds of thousands of our subscribers. The result is a picture of business conditions that’s more accurate than most private surveys, which typically have a far smaller sample size, and more frequently updated than much of the data on small business. Xero is currently producing a series of specialised monthly metrics, providing a view of the impact of COVID-19.

About AlphaBeta Australia (part of Accenture)
AlphaBeta Australia (part of Accenture) is a research firm with offices in Sydney, Canberra and Melbourne. It specialises in combining advanced analytical techniques and innovative data to generate new insights and fresh perspectives on the challenges facing business and government.