MEDIA RELEASE

Xero reveals unique insights on impact of COVID-19 on Australian small businesses

Small businesses twice as badly hit by job losses but JobKeeper appears to have arrested the decline in small business employment

Melbourne — June 11, 2020 — Xero, the global small business platform, today released a fresh analysis of the business impact of COVID-19 in March and April, from its Small Business Insights (SBI) program, in partnership with AlphaBeta Australia (part of Accenture). Based on anonymised and aggregated customer data, Xero SBI reveals the role JobKeeper has appeared to play in the small business economy and shows trends in employment and revenue.

Xero SBI shows that 13% of jobs in small business were lost between the start of March and the end of April, but the announcement of JobKeeper on 30 March appears to have arrested further decline. Before JobKeeper was announced, small business jobs fell by 10.5%; once JobKeeper was announced, job losses stabilised, with declines of less than 3% since then.

The number of jobs in small businesses has fallen 13% since the start of March

The first data available on the impact by employment type for small business reveals that, with the announcement of JobKeeper, only 2% of full time workers and 5% of part time workers lost their jobs.
between the beginning of March and end of April. Casual employees in small businesses have been hardest hit, with one in four employees losing their jobs.

The Small Business Insights data also found that the small business sector was twice as badly affected as businesses overall with regard to job losses. The worst affected industry sectors by the lockdowns have been hospitality (a fall of 40% in employment) and arts and recreation (a decline of 29%); with the most resilient being construction (a fall of 1%), transport (a fall of 3%), and professional services (a fall of 4%).
Revenue reporting

Focusing on revenue, the Xero SBI data has also found an 11% decline on average for Australian small businesses in April compared to a year ago. Hospitality (51% revenue fall), and arts and recreation (49% revenue fall) were most badly hit, with construction (1% revenue fall) and rental, hiring and real estate (-4% revenue fall) the least affected.

Calls for a renewed focus on small business

“COVID-19 is an economic shock that keeps shifting shape, and attention is now being focused on recovery. V, U and L shaped recovery models are all being speculated about. One thing for sure is the vital importance of accurate and timely data on the small business economy, which employs 44% of Australian workers. Xero’s data shows that the sector has been twice as badly hit by job losses as businesses overall and we are calling on the government and policy makers to focus on small business when considering the policy responses that are needed. We can’t afford to have small business lumped in with big business as they have a direct impact on Australian families and communities,” said Trent Innes, Managing Director, Australia and Asia, Xero.

“What we have seen from past economic crises, such as the GFC, is that the small business sector has often been grouped in with big business when policy responses are determined, but it’s vital in this new generation of crisis that a greater level of detail is supplied. Small businesses are an important driver of job growth, so its recovery policies need to be tailored to support this important part of the Australian economy,” said Andrew Charlton, Director, AlphaBeta Australia (part of Accenture).

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More visuals available: Growth by jobs in industry

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 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 have a far smaller sample size, and more frequently updated than much of the ABS data on small business. Xero is currently producing a series of specialised monthly metrics, providing a week by week view of the impact of the COVID-19 event.

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.