The overall performance of small businesses across Australia, New Zealand and United Kingdom are showing considerable differences. This is shown by the variation in the current Index levels from 139 points in New Zealand, to 111 points in Australia and down to 84 points in the United Kingdom.

The **New Zealand** Small Business Index is near record highs in July 2022. Small businesses are continuing to hire staff (+4.7% y/y), attracted by strong wages growth (+6.2% y/y). They are also being paid on average (23.5 days) slightly quicker than they were in 2021. The main question mark over the current performance is how long can it be sustained when nominal sales (-1.5% y/y) are falling, most likely due customers struggling to stretch pay packets when prices are rising faster than their wages.

The **Australian** Small Business Index has been volatile of late, rising 24 points in June and then falling 40 points in July. This is largely due to the payment time metric and the end of the financial year in June. Looking through this volatility, the overall Index is around the average that it was in 2021. A recovery in jobs growth (+4.1% y/y), after a slow start to the year, some modest acceleration in wages growth (+3.6% y/y) and maintaining payment times (23.2 days) around their 2021 average has helped support the Index. The main area of concern in mid-2022 is the sales metric (+7.5% y/y) which has slowed in recent months. One positive for Australian small businesses is that they are still selling a greater volume of goods and services, once price rises have been taken into account.

Small business in the **United Kingdom** are contending with more challenging economic conditions than Australia and New Zealand, such as higher inflation and a shrinking pool of available labour as many potential staff decide to retire. The Small Business Index has been trending lower since its most recent peak in October 2021. Small businesses are employing fewer (-4.5% y/y) people than they did a year ago as they struggle to attract staff, despite offering almost record wage rises (+4.8% y/y). On average, small businesses have been waiting an increasingly long time to be paid (30.4 days) for each of the past four months. Sales growth is also slowing (+4.5% y/y) and, while still positive in nominal terms, small businesses are selling fewer goods and services than they did a year ago once price increases are taken into account.

### Small Business Index, international comparison

<table>
<thead>
<tr>
<th>Index, average = 100, standard deviation = 15</th>
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<tbody>
<tr>
<td><strong>Australia</strong></td>
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<tr>
<td><strong>New Zealand</strong></td>
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<tr>
<td><strong>United Kingdom</strong></td>
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</tbody>
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Source: Xero Small Business Insights, Accenture methodology
Small business sales, international comparison
% year-on-year, monthly

Australia

New Zealand

United Kingdom

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

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

Australia

New Zealand

United Kingdom

Source: Xero Small Business Insights, Accenture methodology
Additional Details

About Xero

Xero is a global small business platform with 3.3 million subscribers which includes a core accounting solution, payroll, workforce management, expenses and projects. Xero also provides access to financial services, and an ecosystem of more than 1,000 connected apps and more than 300 connections to banks and other financial institutions. Through Xero’s open platform, small businesses can connect to a range of solutions that help them run their business and manage their finances. For three consecutive years (2020-2022) Xero was 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. Xero has been named as a FIFA Women’s Football partner under FIFA’s new commercial structure.

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, Technology and Operations services and Accenture Song — all powered by the world’s largest network of Advanced Technology and Intelligent Operations centers. Our 710,000 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.

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.