

# Contribution to Australian Business Numbers

Australian Small Business and Family Enterprise  
Ombudsman

*August 2022*

Small Business' contribution to Australian business numbers is one indicator of their contribution to the Australian economy. This can be explored by looking at the number of small businesses by employment and turnover.

## 1. Number of small businesses by employment

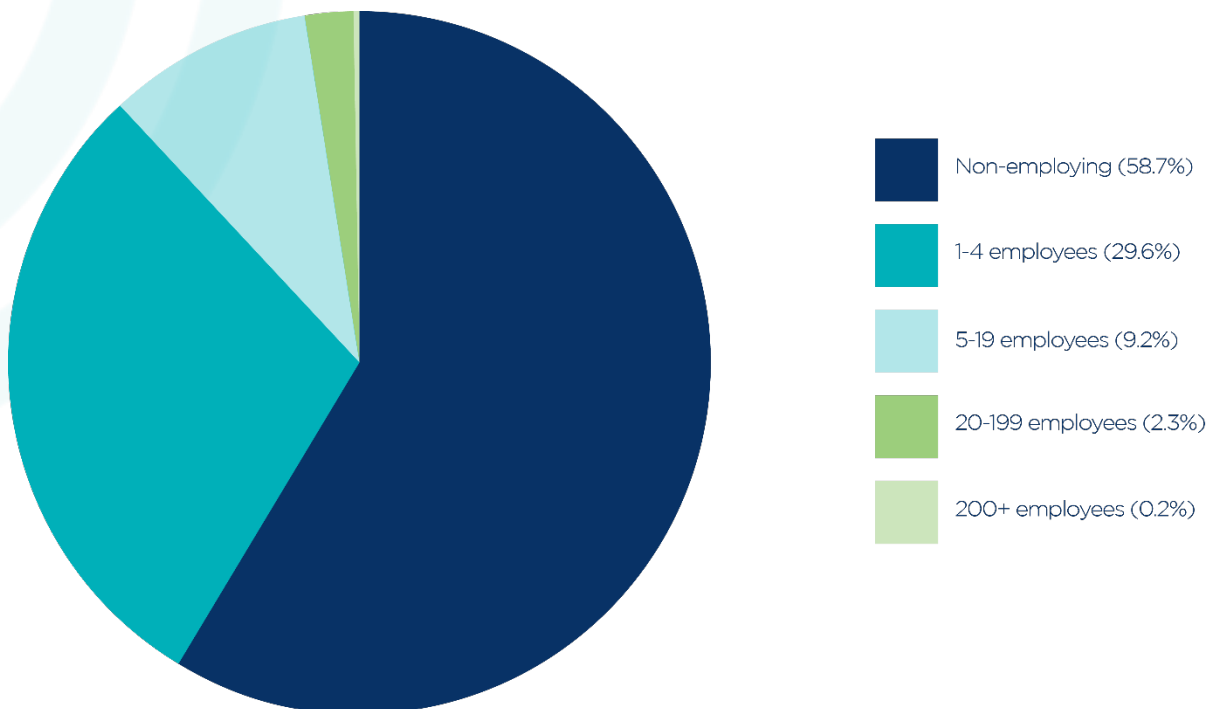
The Australian Bureau of Statistics (ABS) defines small businesses as those with less than 20 employees. As shown in Table 1, over 97% of all Australian businesses were small businesses in June 2021.

**Table 1: Business size measured by employment in June 2021**

Number of employees	Number of businesses	% of total businesses
0-19 (Small)	2,341,840	97.5
20-199 (Medium)	56,046	2.3
200+ (Large)	4,368	0.2
<b>Total</b>	<b>2,402,254</b>	<b>100.0</b>

**Source:** ABS Counts of Australian Business 8165.0, Table 13a, August 2021 and ASBFEO calculations (excludes businesses that are not registered for GST).

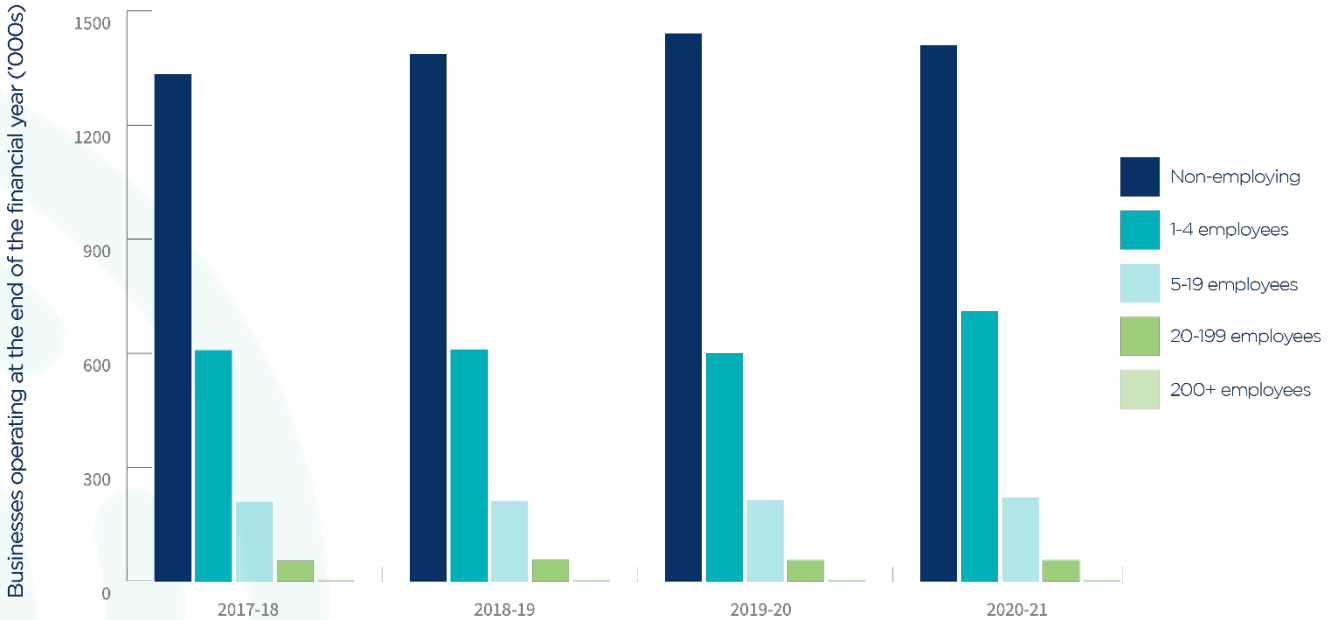
**Chart 1: Number of Australian businesses measured by employment size in June 2021**



**Source:** ASB Counts of Australian Business 8165.0, Table 13a, August 2021 and ASBFEO calculations (excludes micro businesses that are not registered for GST).

As shown above in Chart 1, over half (59%) of Australian businesses are non-employing businesses (for example, sole traders). An additional 30% of businesses employed 1-4 people and 9% employed 5-19 people. These businesses are all classified as a small business according to the ABS definition.

**Chart 2: Number of Australian businesses measured by employment size**



**Source:** *ASB Counts of Australian Business 8165.0*, Table 13a, August 2021 and ASBFEO calculations (excludes micro businesses that are not registered for GST).

While the full impact of the Coronavirus pandemic is yet to be realised, the ABS released preliminary work in February 2022 that saw increased growth, fewer business exits, and a shift from non-employing to employing small businesses in 2020-21, as compared to previous years.<sup>1</sup>

This shift can be seen in Chart 2. It is likely a result of the adoption of new demand or innovation opportunities, delays or difficulties in determining ongoing viability of businesses affected by the pandemic, and the Government support packages that were available to businesses during this period.<sup>2</sup>

<sup>1</sup> *ABS Counts of Australian Business 8165.0* post-release changes, 17 February 2022.

<sup>2</sup> *Ibid.*

## 2. Number of small businesses by turnover

**Table 2: Business numbers by annual turnover in June 2021**

Turnover	Number of businesses	% of total businesses
\$0 to less than \$50k	689,620	28.7
\$50k to less than \$200k	761,346	31.7
\$200k to less than \$2m	782,804	32.6
\$2m to less than \$5m	96,227	4.0
\$5m to less than \$10m	34,320	1.4
\$10m or more	37,937	1.6
<b>Total</b>	<b>2,402,254</b>	<b>100.0</b>

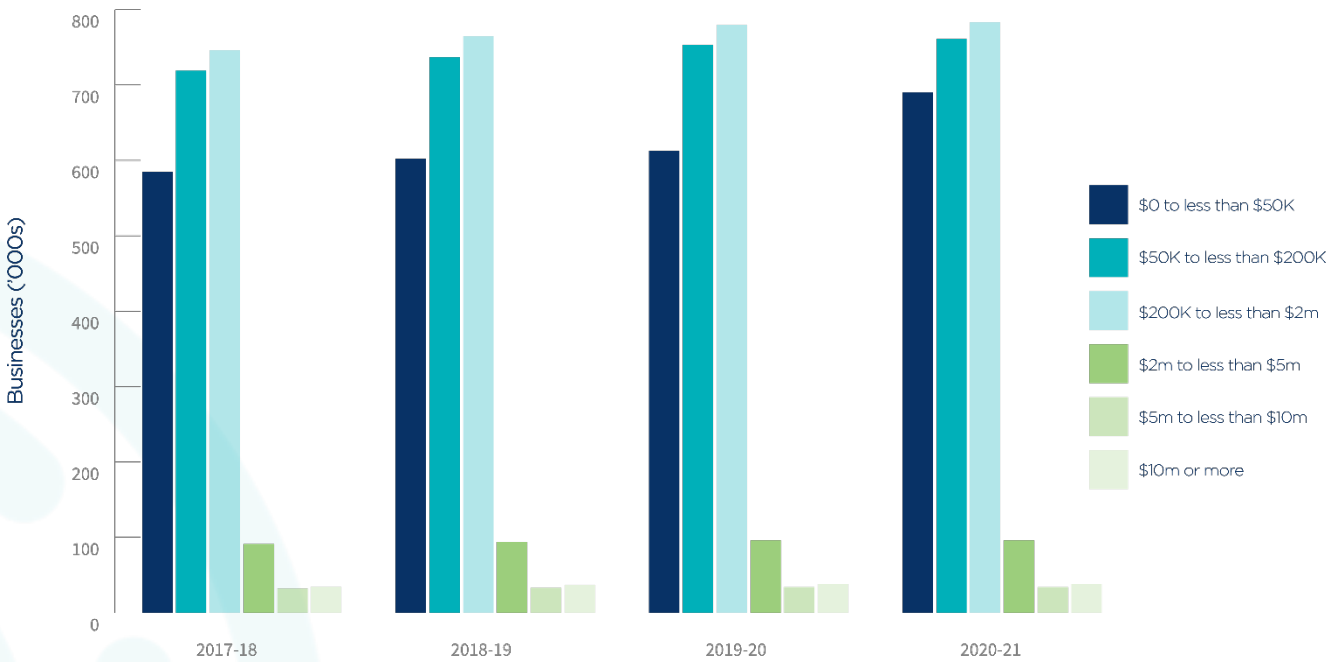
**Source:** ABS Counts of Australian Business 8165.0, Table 17, Dec 2021 and ASBFEO calculations (excludes businesses that are not registered for GST).

A common definition of small business used by the Australian Taxation Office (ATO) are those businesses with a turnover of \$10 million or less.<sup>3</sup>

Using this definition, 98% of Australian businesses are small businesses. The vast majority (93%) of these businesses have a turnover of less than \$2 million. However, it is likely that this figure underestimates businesses with a turnover below \$75,000 as it is based on businesses registered for GST. Businesses only need to register for GST if their current or projected turnover is \$75,000 or more.

<sup>3</sup> Australian Taxation Office (2020, December 10). Eligibility. Retrieved June 7, 2022, from [www.ato.gov.au](http://www.ato.gov.au): Australian Taxation Office.

**Chart 3: Number of Australian businesses measured by turnover**



**Source:** ABS Counts of Australian Business 8165.0, Table 17, Dec 2021 and ASBFEO calculations (excludes micro businesses that are not registered for GST).

Chart 3 shows the number of businesses with turnover less than \$50,000 has increased by 3 percentage points, to 29% in 2020-21. Meanwhile, the number of businesses with turnover between \$50,000 and \$2 million has decreased. The unique circumstances related to the pandemic (described earlier in section 1) are likely to have influenced this shift.

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Manager  
Media and Communications  
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Ph: 02 6121 3000  
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