

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

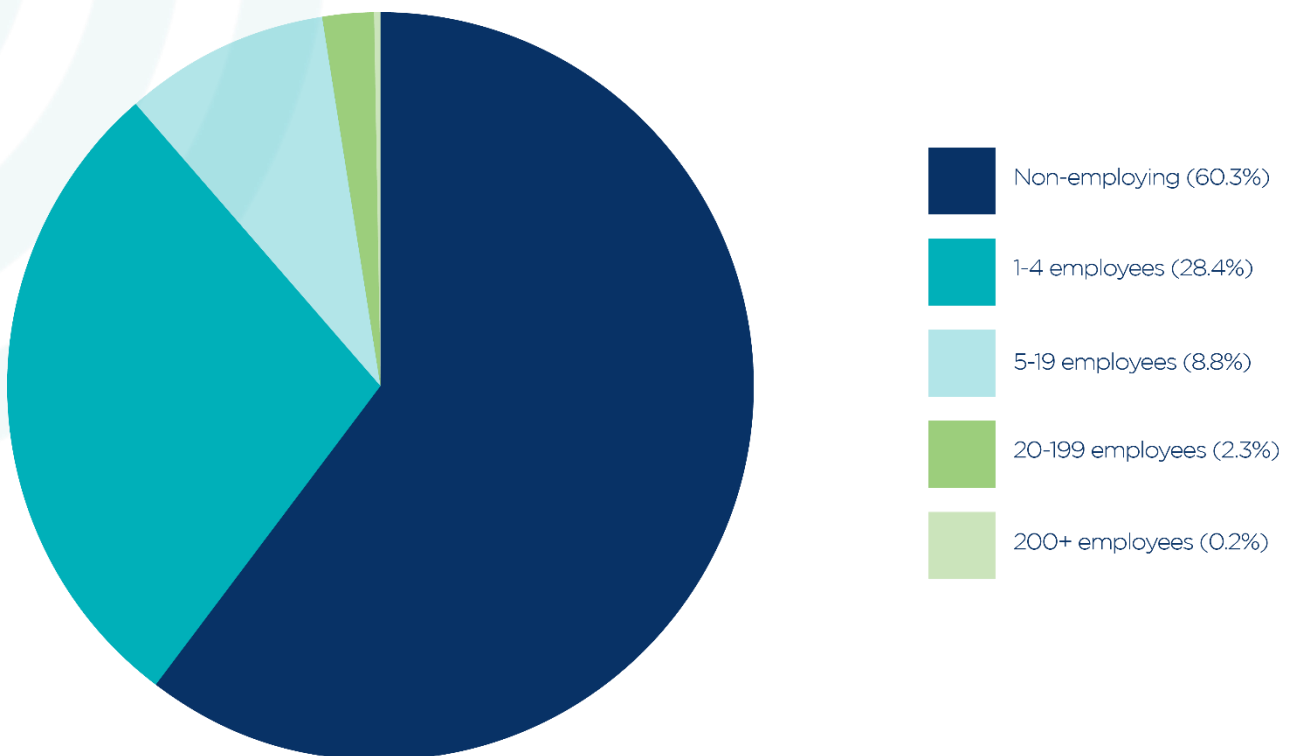
The Australian Bureau of Statistics (ABS) defines small businesses as those with less than 20 employees. As shown in Table 1, over 97% of all Australian businesses were small businesses in June 2022.

Table 1: Business size measured by employment in June 2022

Number of employees	Number of businesses	% of total businesses
0-19 (Small)	2,506,012	97.5
20-199 (Medium)	59,355	2.3
200+ (Large)	4,533	0.2
Total	2,569,900	100.0

Source: ABS Counts of Australian Business, Table 13a, August 2022 and ASBFEO calculations (excludes businesses that are not registered for GST).

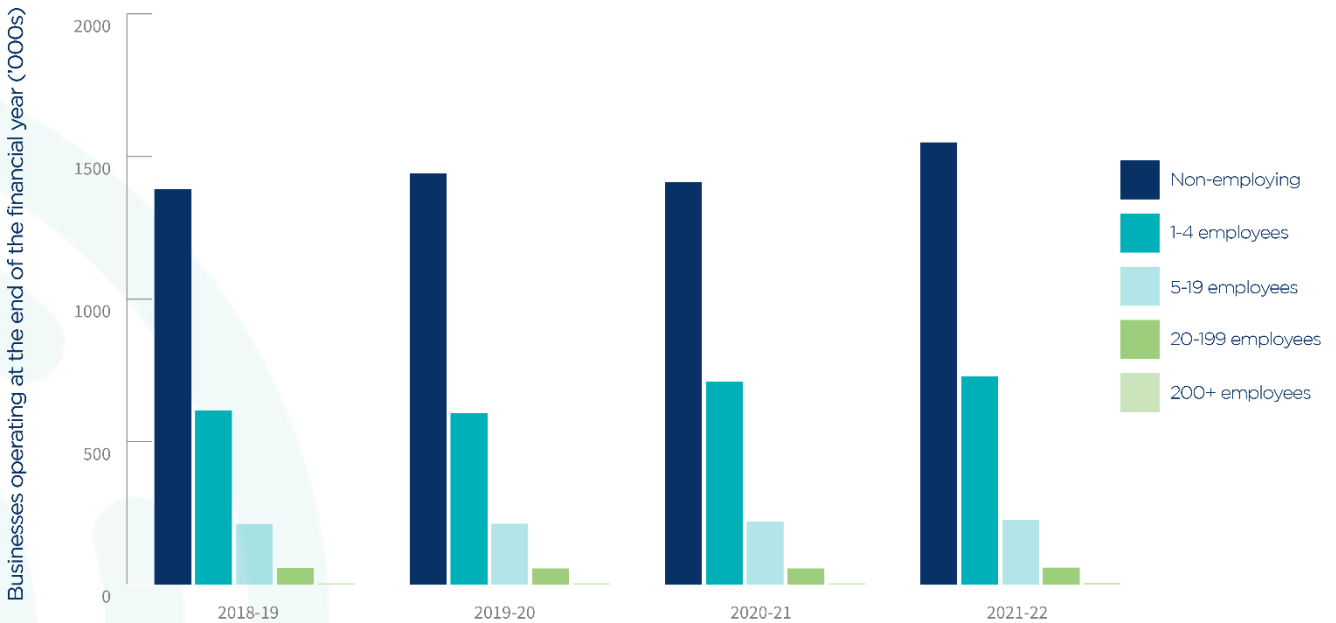
Chart 1: Number of Australian businesses measured by employment size in June 2022



Source: ASB Counts of Australian Business 8165.0, Table 13a, August 2022 and ASBFEO calculations (excludes micro businesses that are not registered for GST).

As shown above in Chart 1, over half (60%) of Australian businesses are non-employing businesses (for example, sole traders). An additional 28% 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: ABS Counts of Australian Business, Table 13a, August 2022 and ASBFEO calculations (excludes micro businesses that are not registered for GST).

As shown in the chart above, non-employing businesses increased by 9.9% in 2021-22 compared to last year. Small businesses with employees also increased over the year:

- 2.4% rise in businesses with 1 – 4 employees
- 3.0% rise in businesses with 5 – 19 employees.

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
Total	2,402,254	100.0

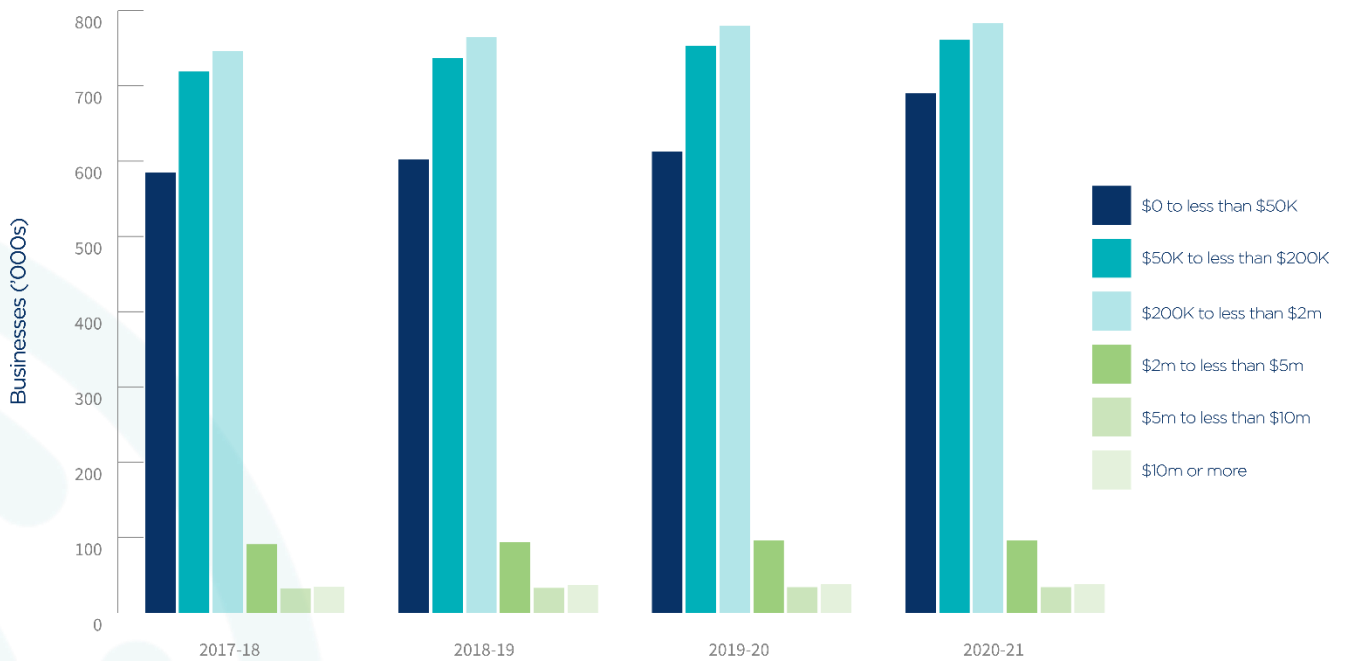
Source: *ABS Counts of Australian Business*, Table 17, Dec 2021 and ASBFEO calculations (excludes businesses that are not registered for GST).

A common definition of small business used by the Australian Taxation Office (ATO) are those businesses with a turnover of \$10 million or less.¹

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.

¹ *Australian Taxation Office (2020, December 10). Eligibility.* Retrieved June 7, 2022, from 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
The Australian Small Business and Family Enterprise Ombudsman
Ph: 02 6121 3000
Email: media@asbfeo.gov.au