

Small Business Update:

A spotlight on Australia's small business landscape

FBI 4420
Document 1

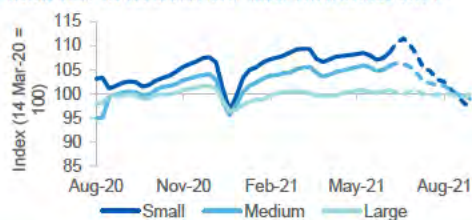
1. Small business numbers continue to increase, driven by employing businesses

- The number of small businesses increased by 87,806 to 2.34 million in 2020-21, driven by an increase in employing businesses (up 118,862). However, the number of non-employing businesses fell (down 31,056).
- Small businesses made up around 97.5 per cent of the 2.40 million Australian businesses in 2020-21, with non-employing businesses representing the largest share.
- Small businesses have been increasing for several years and have increased by 192,200 since 2017-18.
- The number of non-employing businesses fell in 2020-21 by 31,056 to 1.41 million. This is largely due to non-employing businesses taking on employees and being recategorised, with 58,209 taking on employees in 2020-21.
- The number of employing small businesses in 2020-21 was 931,791, and has increased by 14.2 per cent since 2017-18. The number of micro-businesses has increased by 103,239, 17.0 per cent over the period.
- There were 707,971 sole proprietorships in 2020-21, an increase of 20,402 or 3.0 per cent since 2019-20. The number of sole proprietorships has increased by 12.5 per cent since 2017-18.

4. Small business employment continues to be disproportionately impacted during lockdowns

- Small business payroll jobs across Australia to 11 September 2021 have fallen by 10.2 per cent since the fortnight of 17 July 2021, and by 2.5 per cent over the last four weeks. By contrast, the index for large businesses has been relatively flat over these periods of time.
- The latest fortnight of data coincided with the ongoing lockdowns in New South Wales, Victoria and the Australian Capital Territory, with travel and border restrictions across all states and territories.
- In the last fortnight, the largest small business job falls have been in the ACT (-1.5 per cent) and Victoria (-1.2 per cent). The largest falls since 17 July 2021 have been in the ACT (-27.1 per cent), NSW (-14.8 per cent) and Victoria (-13.2 per cent). Falls in small business jobs have been under 5 per cent in all other states and territories since 17 July 2021.
- Care should be taken when focusing on the most recent movements in payroll jobs, as these estimates are subject to a greater level of revision.

Figure 3: Payroll jobs by business size, June 2020 to July 2021*

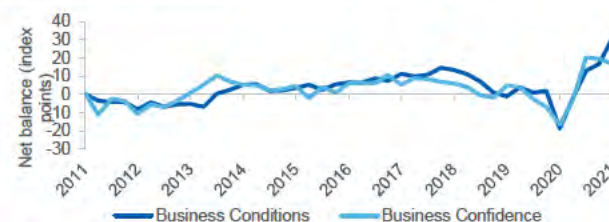


*Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution.

2. Small business conditions and confidence remained elevated in the June quarter

- Business conditions and confidence for Small and Medium Enterprises (SMEs) remained positive in the June quarter 2021.
- Conditions improved strongly over the quarter to a record high, rising from +17 to +31 index points. Further, conditions rose in all states. These trends are unlikely to be maintained in upcoming releases.
- While confidence fell slightly from +19 points in the March quarter 2021 to +17 index points in the June quarter 2021, it remained elevated. Positive indices indicate that optimists outweigh pessimists.
- Conditions improved across all industries, led by strong gains in Accommodation, cafes & restaurants (up 25 points to +30 points) and Business services (up 22 points to +39 points). Confidence fell in six of the ten industries, with Health (down 22 points to +10 points), Manufacturing (down 6 points to +20 points), Construction (down 6 points to +19 points) and Retail (down 6 points to +8 points) being the largest decreases.

Figure 1: NAB SMF business conditions & confidence 2011 to 2021



5. Spotlight: Smaller retailers lose share of retail sales in lockdowns

- Growth in turnover for smaller retailers has been substantially lower than that for larger retailers during lockdowns.
- The industries most affected by lockdowns are likely to have more numerous smaller businesses, e.g. cafes, restaurants and takeaway food services.
- The share of retail turnover for smaller retailers has decreased since the mid-1990s, from around 45 per cent of total to under 30 per cent in recent years.
- During lockdowns, the share for smaller retailers has fallen to under 28 per cent of total turnover. In July and August 2021 alone, if smaller retailers had yielded a 28 per cent share, they would have received an additional \$119 million. Between March 2020 to September 2020, with a 28 per cent share of turnover, an additional \$3.1 billion would have been spent at smaller retailers.

Figure 4: Retail turnover, annualised growth over two years

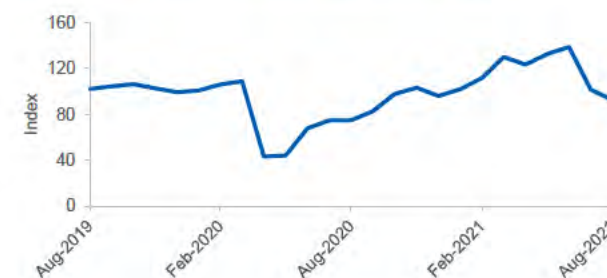


Annualised two-year growth rates give a better indication of the recent underlying environment given the low results in 2020.

3. Restrictions hit small business

- The Xero Australian Small Business Index fell 9 points in August 2021 to 92 points, after a 37 point fall in July 2021.
- This result means overall small business performance in August 2021 was below average across Australia. This decline reflects continuing business restrictions across many of Australia's major cities, with significant differences observed across states and industries. This is the lowest index result since September 2020.
- The fall in August 2021 was largely driven by slower jobs growth. The time to be paid also rose, up 0.5 days to 23.7 days (the highest since September 2020). The shift in July and August reversed the improvement in payment times seen at the end of the financial year.

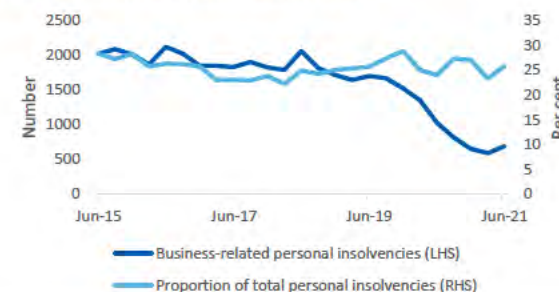
Figure 2: Xero Small Business Index, August 2019 to August 2021



6. Business-related personal insolvencies remain down in 2021

- The number of business-related personal insolvencies has steadily fallen in recent years. However, they have remained steady as a fraction of total personal insolvencies.
- In the June quarter of 2021, there were 691 business-related personal insolvencies, corresponding to 25.8 per cent of all personal insolvencies. This was after the March quarter where a historical low of 592 such insolvencies were recorded.

Figure 5: Business-related personal insolvencies



Small Business Update:

October 2021

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates
No. & share of businesses & workers, by size, 2020–21 (businesses) and 2019–20 (employment)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)
Non-employing	1,410,000 (58.7)	
Employing		
Micro (1 to 4)	711,400 (29.6)	2,895,000 (25.6)
Small (5 to 19)	220,400 (9.2)	1,776,000 (15.7)
Total small (0 to 19)	2,341,800 (97.5)	4,671,000 (41.3)
Medium (20 to 199)	56,000 (2.3)	2,755,000 (24.4)
Large (more than 200)	4,370 (0.2)	3,874,000 (34.3)
Total	2,402,300	11,299,000

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

Note: From the 2020-21 release, business counts data excludes superannuation funds, which had previously been included.

Table 2: Estimates based on tax return data
No. & share of businesses & workers, by turnover, 2018-19

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,590,000 (99.2)
Medium (\$10m to \$50m)	20,000 (0.6)
Large (more than \$50m)	6,300 (0.2)
Total	3,620,000

Treasury estimates based on 2018-19 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Table 3: Estimates based on tax return data
No. & share of small businesses by incorporation status, 2018-19

	Number & share of small businesses (per cent)
Incorporated small businesses	1,020,000 (28.4)
Unincorporated small businesses	2,570,000 (71.6)

Treasury estimates based on 2018-19 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million.

Table 4: ATO Estimates
No. & share of partnerships and individual/sole traders, 2018-19

	Number & share of small businesses (per cent)
Partnerships	290,000 (8.1)
Individual/Sole Traders	1,380,000 (38.5)

Treasury estimates based on 2018-19 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, including Entries and Exits, Data cube 1: Table 10, Table 13a and ABS Australian Industry: Australian Industry by Division	Number of businesses by business size and employment.	2020-21	Additional information likely December 2021	Box1 and Table 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	June quarter 2021	28 October 2021	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia — comprised of small business jobs, sales, wages and time taken to be paid.	August 2021	Release schedule not available	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 11 September 2021	10 November 2021	Box 4 and Figure 3
ABS Retail Trade	Retail turnover, smaller and larger retailers	August 2021	29 October 2021 (partial release)	Box 5 and Figure 4
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	June 2021	15 October 2021	Box 6 and Figure 5

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 2

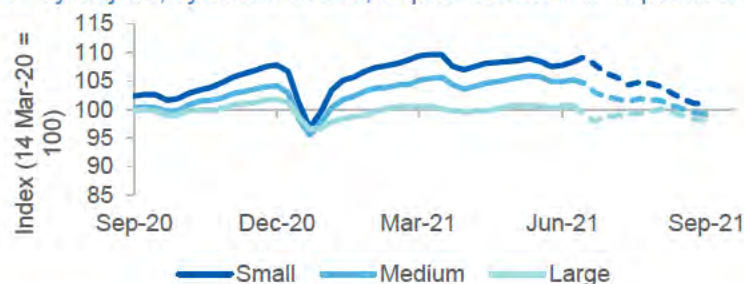
1. Small business numbers continue to increase, driven by employing businesses

- The number of small businesses increased by 87,806 to 2.34 million in 2020-21, driven by an increase in employing businesses (up 118,862). However, the number of non-employing businesses fell (down 31,056).
- Small businesses made up around 97.5 per cent of the 2.40 million Australian businesses in 2020-21, with non-employing businesses representing the largest share.
- Small businesses have been increasing for several years and have increased by 192,200 since 2017-18.
- The number of non-employing businesses fell in 2020-21 by 31,056 to 1.41 million. This is largely due to non-employing businesses taking on employees and being recategorised, with 58,209 taking on employees in 2020-21.
- The number of employing small businesses in 2020-21 was 931,791, and has increased by 14.2 per cent since 2017-18. The number of micro-businesses has increased by 103,239, 17.0 per cent over the period.
- There were 707,971 sole proprietorships in 2020-21, an increase of 20,402 or 3.0 per cent since 2019-20. The number of sole proprietorships has increased by 12.5 per cent since 2017-18.

4. Small business employment continues to be disproportionately impacted during lockdowns

- Small business payroll jobs across Australia to 11 September 2021 remain 4.4 percent lower than the fortnight of 17 July 2021 (before lockdowns), but have been flat in the most recent fortnight. By contrast, the index for large businesses has been relatively flat over these periods of time.
- However, small business jobs remain slightly above levels at the fortnight of 14 March 2020 (before any restrictions), while medium and large business jobs are below that level.
- This fortnight of data coincided with the ongoing lockdowns in New South Wales, Victoria and the Australian Capital Territory, with travel and border restrictions across all states and territories.
- Compared to 17 July 2021, small business jobs are lowest in the ACT (-22.3 per cent), NSW (-7.6 per cent) and Victoria (-7.5 per cent). In all other states and territories, small business jobs were flat or increased over this period.

Figure 3: Payroll jobs, by business size, September 2020 to September 2021*



*Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 11 September 2021 and 16 October 2021, total payroll jobs (all businesses) increased by 1.2 per cent.

2. Small business conditions and confidence fell sharply in the September quarter

- Small and Medium Enterprise (SME) business conditions and confidence fell sharply as a result of lockdowns in the September quarter 2021.
- Conditions fell strongly over the quarter by 21 points to +8 index points, the lowest since September 2020. Although business conditions fell in all states, they fell by the most and were negative in both NSW and Victoria; conditions remained very positive in Queensland, SA and WA.
- Business confidence declined by 17 points to 0 points overall.
- While business confidence and conditions fell in all industries, this was particularly pronounced in those most affected by lockdowns. In Accommodation, cafes & restaurants, confidence fell by 32 points to -20 points in the quarter, while business conditions fell by 53 points to -26 points.
- The survey was conducted from 17 August to 9 September 2021, in advance of the announcement of reopening plans in New South Wales and Victoria.

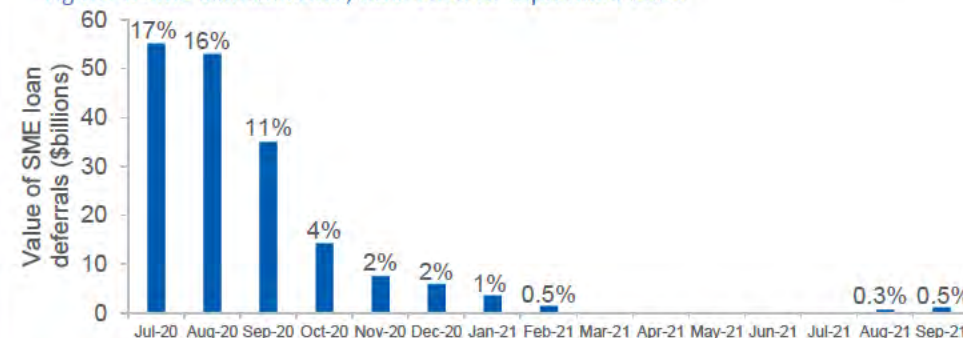
Figure 1: NAB SME business conditions & confidence, 2011 to 2021



5. Spotlight: Fewer small businesses are deferring loans compared to 2020 lockdowns

- The value of SME loan deferrals are 0.5 per cent of the value of all SME loans in September 2021, compared to 17 per cent in July 2020.
- Banks may have offered other ways to help small businesses outside of deferring loans or potentially, small businesses in 2021 have adapted to operating in restricted environments.
- NSW had the largest percentage of loan deferrals at 0.87 per cent with ACT closely following at 0.79 per cent, while all other states and territories were under 0.5 per cent.

Figure 4: SME loan deferrals, June 2020 to September 2021

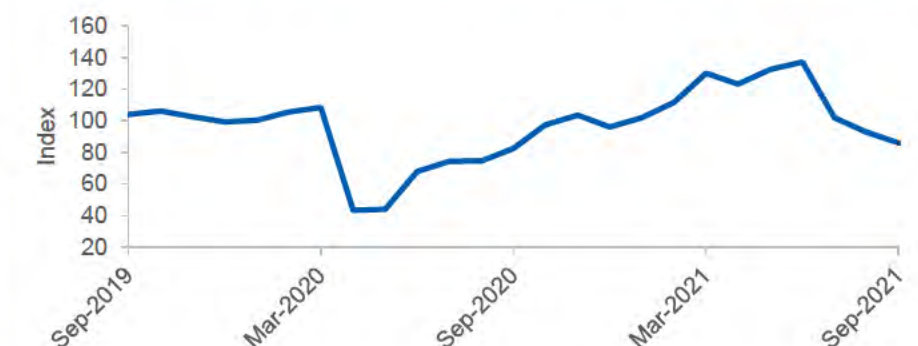


The threshold for reporting has been lifted to those ADIs with \$50 million and 50 facilities in loans subject to repayment deferral, compared to \$20 million and 20 facilities in the first lockdown. Nevertheless loan deferrals remain relatively very low.

3. Index continued to weaken in September

- The Xero Australian Small Business Index fell a further 7 points in September 2021 to 86 points, and is now 51 points lower than in June 2021.
- The result means overall small business performance in September 2021 continues to be below average across Australia.
- The fall in September 2021 was largely driven by slower jobs growth. Growth in wages and sales was largely steady, while the time to be paid improved marginally.
- There continues to be a "tale of two economies." The locked down NSW, Victoria and ACT saw jobs growth fall while on the other hand, Queensland and WA in particular, performed well.

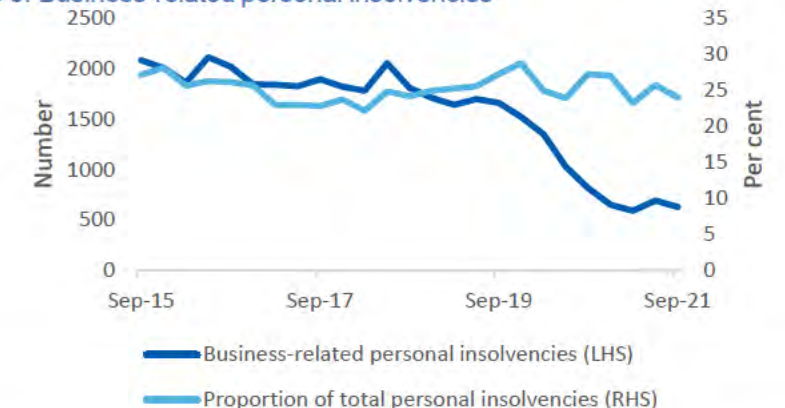
Figure 2: Xero Small Business Index, September 2019 to September 2021



6. Business-related personal insolvencies remain down in 2021

- The number of business-related personal insolvencies has steadily fallen in recent years. However, they have remained steady as a fraction of total personal insolvencies.
- In the September quarter of 2021, there were 630 business-related personal insolvencies, corresponding to 24.0 per cent of all personal insolvencies. This was the second lowest number recorded, after the March quarter of 2021 where a historical low of 592 such insolvencies were recorded. Further, state and territory breakdowns did not indicate notably worse outcomes for locations with lockdowns in the quarter.

Figure 5: Business-related personal insolvencies



Small Business Update:

November 2021

Number and share of businesses and workers by business size and definitions

**Table 1: ABS definition & estimates
No. & share of businesses & workers, by size,
2020–21 (businesses) and 2019–20 (employment)**

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)
Non-employing	1,410,000 (58.7)	
Employing		
Micro (1 to 4)	711,400 (29.6)	2,895,000 (25.6)
Small (5 to 19)	220,400 (9.2)	1,776,000 (15.7)
Total small (0 to 19)	2,341,800 (97.5)	4,671,000 (41.3)
Medium (20 to 199)	56,000 (2.3)	2,755,000 (24.4)
Large (more than 200)	4,370 (0.2)	3,874,000 (34.3)
Total	2,402,300	11,299,000

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

Note: From the 2020-21 release, business counts data excludes superannuation funds, which had previously been included.

**Table 2: Estimates based on tax return data
No. & share of businesses & workers, by turnover,
2018-19**

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,590,000 (99.2)
Medium (\$10m to \$50m)	20,000 (0.6)
Large (more than \$50m)	6,300 (0.2)
Total	3,620,000

Treasury estimates based on 2018-19 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

**Table 3: Estimates based on tax return data
No. & share of small businesses by incorporation status,
2018-19**

	Number & share of small businesses (per cent)
Incorporated small businesses	1,020,000 (28.4)
Unincorporated small businesses	2,570,000 (71.6)

Treasury estimates based on 2018-19 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million.

**Table 4: ATO Estimates
No. & share of partnerships and individual/sole traders,
2018-19**

	Number & share of small businesses (per cent)
Partnerships	290,000 (8.1)
Individual/Sole Traders	1,380,000 (38.5)

Treasury estimates based on 2018-19 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, including Entries and Exits, Data cube 1: Table 10, Table 13a and ABS Australian Industry: Australian Industry by Division	Number of businesses by business size and employment.	2020-21	Additional information likely December 2021	Box1 and Table 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2021	10 February 2022	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia — comprised of small business jobs, sales, wages and time taken to be paid.	September 2021	Release schedule not available	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 11 September 2021	9 December 2021	Box 4 and Figure 3
APRA Loan Deferrals	Value of loan deferrals and percentage of total SME loans	September 2021	30 November 2021	Box 5 and Figure 4
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	September 2021	Expected January 2022	Box 6 and Figure 5

Small Business Update:

A spotlight on Australia's small business landscape

1. Small business numbers continue to increase, driven by employing businesses

- The number of small businesses increased by 87,806 to 2.34 million in 2020-21, driven by an increase in employing businesses (up 118,862). However, the number of non-employing businesses fell (down 31,056).
- Small businesses made up around 97.5 per cent of the 2.40 million Australian businesses in 2020-21, with non-employing businesses representing the largest share.
- Small businesses have been increasing for several years and have increased by 192,200 since 2017-18.
- The number of non-employing businesses fell in 2020-21 by 31,056 to 1.41 million. This is largely due to non-employing businesses taking on employees and being recategorised, with 58,209 taking on employees in 2020-21.
- The number of employing small businesses in 2020-21 was 931,791, and has increased by 14.2 per cent since 2017-18. The number of micro-businesses has increased by 103,239, 17.0 per cent over the period.
- There were 707,971 sole proprietorships in 2020-21, an increase of 20,402 or 3.0 per cent since 2019-20. The number of sole proprietorships has increased by 12.5 per cent since 2017-18.

4. Small business employment remains slightly lower than pre-lockdown levels

- Small business payroll jobs across Australia to 16 October 2021 remain slightly lower (-0.7 per cent) than the fortnight of 17 July 2021 (before lockdowns), but have grown by 1.8 per cent in the most recent fortnight. By contrast, large business payroll jobs have grown by 2.3 per cent since 17 July 2021.
- However, whilst payroll jobs are higher than levels at the fortnight of 14 March 2020 (before any restrictions) for both small and large businesses, this increase is largest for small businesses, at 6.6 per cent.
- Whilst small business jobs in NSW had recovered to pre-2021 lockdown levels, small business jobs remained lower in Victoria (-6.2 per cent) and the ACT (-12.5 per cent).

Figure 3: Payroll jobs, by business size, October 2020 to October 2021*



*Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 16 October 2021 and 13 November 2021, total payroll jobs (all businesses) increased by 1.7 per cent.

2. Small business conditions and confidence fell sharply in the September quarter

- Small and Medium Enterprise (SME) business conditions and confidence fell sharply as a result of lockdowns in the September quarter 2021.
- Conditions fell strongly over the quarter by 21 points to +8 index points, the lowest since September 2020. Although business conditions fell in all states, they fell by the most and were negative in both NSW and Victoria; conditions remained very positive in Queensland, SA and WA.
- Business confidence declined by 17 points to 0 points overall.
- While business confidence and conditions fell in all industries, this was particularly pronounced in those most affected by lockdowns. In Accommodation, cafes & restaurants, confidence fell by 32 points to -20 points in the quarter, while business conditions fell by 53 points to -26 points.
- It is expected that SME business confidence and conditions will have improved since the easing of various government restrictions in NSW, Victoria and the ACT.

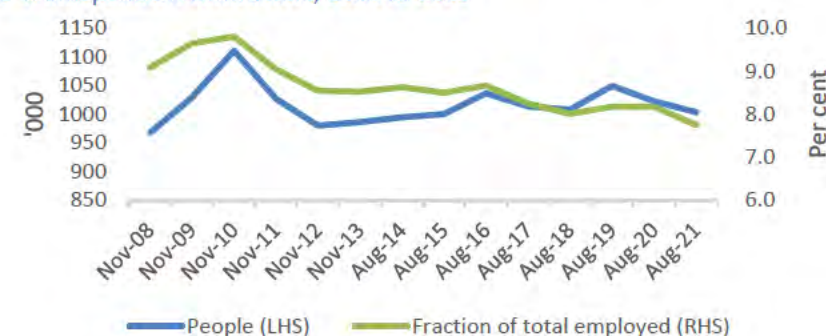
Figure 1: NAB SME business conditions & confidence, 2011 to 2021



5. Spotlight: Independent contracting

- Independent contractors are people who operate their own business and who are contracted to perform services for others without having the legal status of an employee (i.e. people who are engaged by a client, rather than an employer to undertake the work). Independent contractors spend most of their time directly engaged with clients or on client tasks, as opposed to managing staff.
- In August 2021, there were 1.0 million independent contractors in Australia, or 7.8 per cent of total employment.
- The industries which had the highest percentage of independent contractors were Construction (24.5 per cent), Administrative and support services (17.7 per cent) and Transport, postal and warehousing (12.8 per cent).

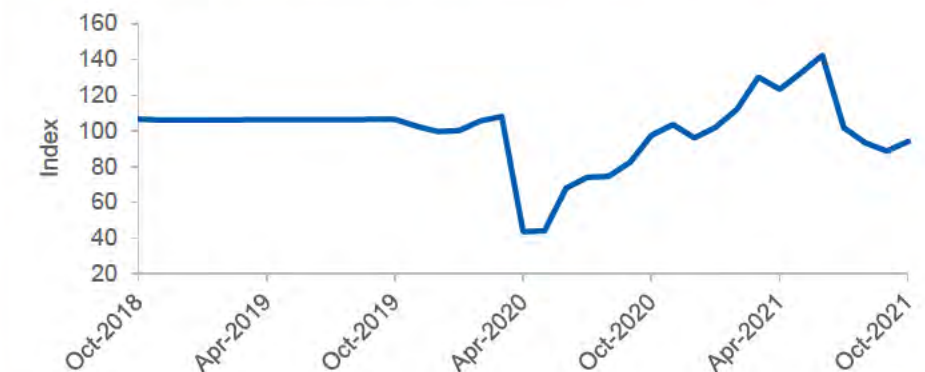
Figure 4: Independent contractors, 2008 to 2021



3. Small business index lifts slightly in October

- The Xero Australian Small Business Index rose by 5 points in October 2021 to 94 points, remaining below average for the third month in a row.
- This slight rebound came as lockdown restrictions began easing in NSW from 11 October, in the ACT from 15 October and in Victoria from 21 October.
- The increase in October 2021 was largely driven by improved jobs growth when considered over two years to adjust for the low base during 2020. Wages growth and the time to be paid improved slightly, while sales growth slowed.
- Although jobs growth in the previously locked down states improved, it remained negative in NSW, Victoria and the ACT compared to two years ago.

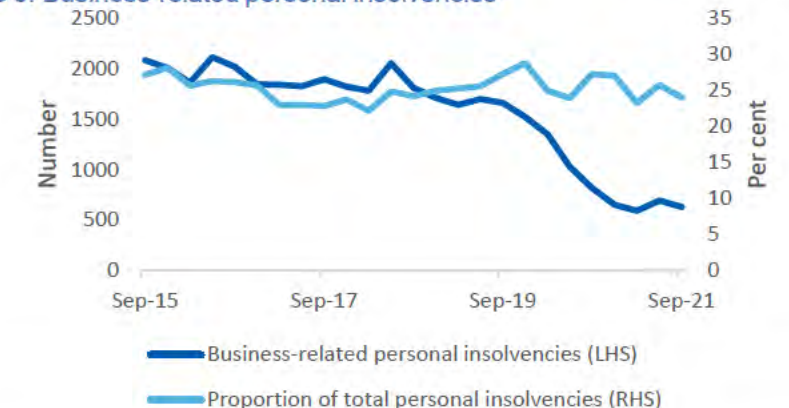
Figure 2: Xero Small Business Index, October 2018 to October 2021



6. Business-related personal insolvencies remain down in 2021

- The number of business-related personal insolvencies has steadily fallen in recent years. However, they have remained steady as a fraction of total personal insolvencies.
- In the September quarter of 2021, there were 630 business-related personal insolvencies, corresponding to 24.0 per cent of all personal insolvencies. This was the second lowest number recorded, after the March quarter of 2021 where a historical low of 592 such insolvencies were recorded. Further, state and territory breakdowns did not indicate notably worse outcomes for locations with lockdowns in the quarter.

Figure 5: Business-related personal insolvencies



Small Business Update:

December 2021

Number and share of businesses and workers by business size and definitions

**Table 1: ABS definition & estimates
No. & share of businesses & workers, by size,
2020–21 (businesses) and 2019–20 (employment)**

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)
Non-employing	1,410,000 (58.7)	
Employing		
Micro (1 to 4)	711,400 (29.6)	2,895,000 (25.6)
Small (5 to 19)	220,400 (9.2)	1,776,000 (15.7)
Total small (0 to 19)	2,341,800 (97.5)	4,671,000 (41.3)
Medium (20 to 199)	56,000 (2.3)	2,755,000 (24.4)
Large (more than 200)	4,370 (0.2)	3,874,000 (34.3)
Total	2,402,300	11,299,000

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

Note: From the 2020-21 release, business counts data excludes superannuation funds, which had previously been included.

**Table 2: Estimates based on tax return data
No. & share of businesses & workers, by turnover,
2018-19**

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,590,000 (99.2)
Medium (\$10m to \$50m)	20,000 (0.6)
Large (more than \$50m)	6,300 (0.2)
Total	3,620,000

Treasury estimates based on 2018-19 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

**Table 3: Estimates based on tax return data
No. & share of small businesses by incorporation status,
2018-19**

	Number & share of small businesses (per cent)
Incorporated small businesses	1,020,000 (28.4)
Unincorporated small businesses	2,570,000 (71.6)

Treasury estimates based on 2018-19 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million.

**Table 4: ATO Estimates
No. & share of partnerships and individual/sole traders,
2018-19**

	Number & share of small businesses (per cent)
Partnerships	290,000 (8.1)
Individual/Sole Traders	1,380,000 (38.5)

Treasury estimates based on 2018-19 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, including Entries and Exits, Data cube 1: Table 10, Table 13a and ABS Australian Industry: Australian Industry by Division	Number of businesses by business size and employment.	2020-21	Additional information on 2020-21 being released progressively	Box1 and Table 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2021	10 February 2022	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia — comprised of small business jobs, sales, wages and time taken to be paid.	October 2021	Release schedule not available	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 16 October 2021	19 January 2022	Box 4 and Figure 3
ABS Characteristics of Employment survey	Number of independent contractors and fraction of total employed	August 2021	Unknown	Box 5 and Figure 4
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	September 2021	Expected January 2022	Box 6 and Figure 5

Small Business Update:

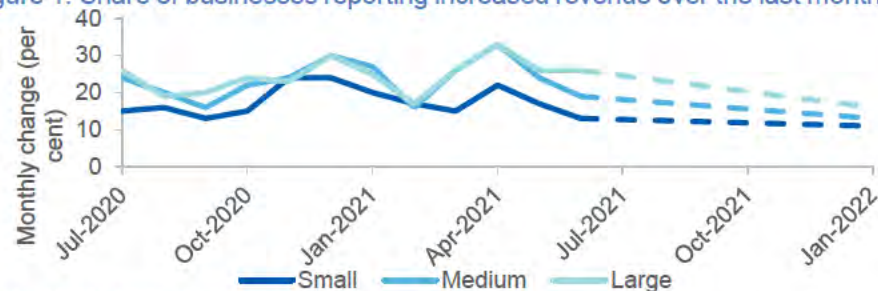
A spotlight on Australia's small business landscape

FOI 4420
Document 4

1. The ABS COVID-19 Business Survey resumes

- In January 2022, the proportion of small businesses reporting increased revenue compared to the previous month was the lowest recorded in the survey – noting that the survey did not run during the Delta variant outbreak and associated government measures. This was true for all business sizes.

Figure 1: Share of businesses reporting increased revenue over the last month



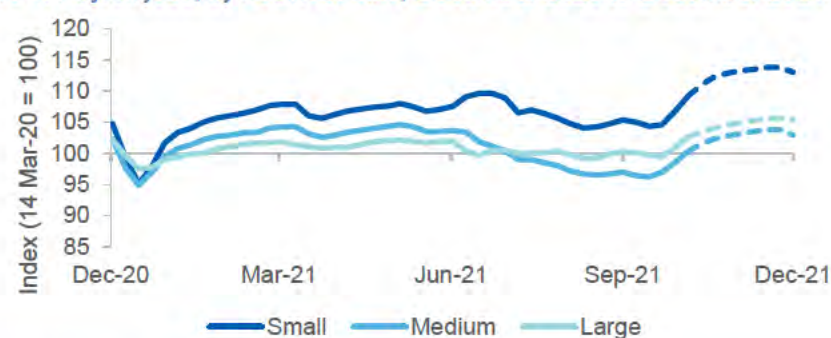
Note: Dotted lines indicate period where survey was suspended.

- On top of this, 31 per cent of small businesses reported increased operating costs compared to the previous month, also a survey high.
- 20 per cent of small businesses had staff absent due to COVID-19 related reasons, such as isolation, quarantine or illness.
- Small businesses were somewhat more likely to experience supply chain disruptions (36 per cent) than large businesses (31 per cent).

4. Small business employment remains slightly lower than pre-lockdown levels

- Small business payroll jobs across Australia to 18 December 2021 are slightly lower (-0.7 per cent) than they were a month prior. By contrast, payroll jobs in large businesses fell by 0.1 per cent. Small business jobs are lower in all states and territories, with the biggest decrease over this time being in the NT (-1.6 per cent).
- However, small business payroll jobs are higher (3.8 per cent) than they were in the fortnight of 17 July 2021 (before 2021 lockdowns). The largest increase over this time is in NSW (5.5 per cent), while the only state or territory to have lower small business jobs is the ACT (-1.0 per cent).
- Whilst small business payroll jobs are 1.7 per cent higher than levels at the fortnight of 14 March 2020 (before any restrictions), large business jobs are 1.0 per cent lower.

Figure 4: Payroll jobs, by business size, December 2020 to December 2021*



*Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 18 December 2021 and 15 January 2022, total payroll jobs (all businesses) decreased by 5.8 per cent (note: part of this fall is likely to be regular seasonality).

2. Small business conditions and confidence rose in the December quarter

- Small and Medium Enterprise (SME) business conditions and confidence recorded solid rises in the December quarter 2021, as society reopened.
- The survey was undertaken largely prior to the Omicron outbreak.
- Conditions rose over the quarter by 3 points to +11 index points. Conditions rose strongly in both NSW and Victoria, whilst falling somewhat in the other states. The only industry which recorded a negative balance in conditions was Accommodation, cafes & restaurants, at -16 points.
- Business confidence increased by 16 points to +15 points overall, largely reversing the falls in the September quarter 2021.
- The only industry where business confidence decreased was a small fall in Health, from -1 points to -2 points.
- It is expected that SME business confidence and conditions could have deteriorated since this survey, given the Omicron outbreak.

Figure 2: NAB SME business conditions & confidence, 2011 to 2021



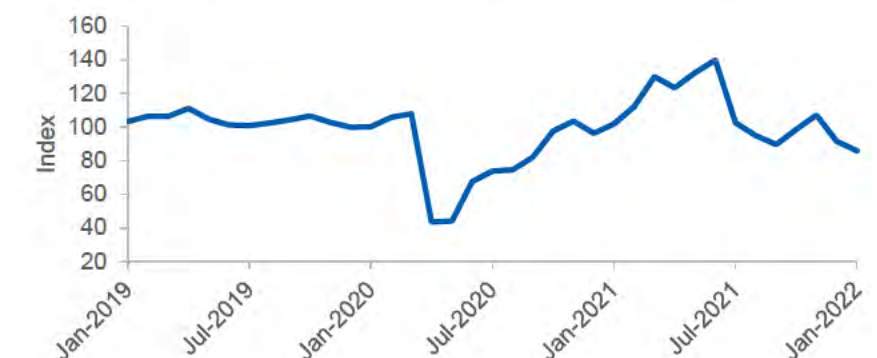
5. Spotlight: Small business pressures shift as fuel prices overtake COVID-19

- For the first time since COVID-19 emerged, it is not the foremost pressure facing SMEs, being replaced by high fuel prices. Fuel prices are causing 41 per cent of SMEs 'extreme' or 'quite a lot' of pressure. COVID-19 is second on the list at 34 per cent, followed by the cost of utilities at 31 per cent, with both of those pressures level with where they were in June 2021.
- The biggest decrease in pressure across SMEs is access to finance, which dropped from 26 per cent in June to 19 per cent in December 2021. Cashflow has dropped five points since June from 32 per cent to 27 per cent, as has late payments from customers, now 24 per cent compared to 28 per cent six months ago.
- SMEs are feeling slightly less optimistic about the trajectory of Australia's economy than they were six months ago, with 53 per cent anticipating improvement in the next 12 months, down from 57 per cent half a year earlier.
- Nationally, 33 per cent of SMEs indicated they were less profitable than 12 months ago, while 32 per cent believed they were more profitable. Six months prior, 42 per cent of businesses believed they were more profitable.
- Almost a third (30 per cent) of SMEs are looking to increase prices and margins on products and services sold, and 25 per cent are looking to increase the number of products and services sold online.

3. Small business recovery reverses

- The Xero Australian Small Business Index fell by 6 points in January 2022 to 86 points, reversing the gains made in 2021 and recording its lowest result since September 2020.
- The fall in the index was largely due to a decline in jobs (down 1.5 per cent year on year), and the average time to be paid increasing a full day to 23.9 days. Sales growth was lower the December 2021 but solid, while these were partially offset by an increase in wages growth.
- Western Australia was the only state to record an increase in jobs, with rising COVID-19 cases in other states leading to isolation periods and fewer people working. The late payments measure, which tracks how many days late invoices are paid after they are due, increased by 1.8 days to 7.6 days.

Figure 3: Xero Small Business Index, January 2019 to January 2022



6. Business-related personal insolvencies steady

- The number of business-related personal insolvencies has steadily fallen in recent years. However, they have remained steady as a fraction of total personal insolvencies.
- In the December quarter of 2021, there were 633 business-related personal insolvencies, corresponding to 26.3 per cent of all personal insolvencies. Personal insolvencies remain near record lows, and business-related personal insolvencies are 18 fewer (2.8 per cent) than they were in the December quarter of 2021.

Figure 5: Business-related personal insolvencies



Small Business Update:

February 2022

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates
No. & share of businesses & workers, by size, 2020–21 (businesses) and 2019–20 (employment)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)
Non-employing	1,410,000 (58.7)	
Employing		
Micro (1 to 4)	711,400 (29.6)	2,895,000 (25.6)
Small (5 to 19)	220,400 (9.2)	1,776,000 (15.7)
Total small (0 to 19)	2,341,800 (97.5)	4,671,000 (41.3)
Medium (20 to 199)	56,000 (2.3)	2,755,000 (24.4)
Large (more than 200)	4,370 (0.2)	3,874,000 (34.3)
Total	2,402,300	11,299,000

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

Note: From the 2020-21 release, business counts data excludes superannuation funds, which had previously been included.

Table 2: Estimates based on tax return data
No. & share of businesses & workers, by turnover, 2018-19

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,590,000 (99.2)
Medium (\$10m to \$50m)	20,000 (0.6)
Large (more than \$50m)	6,300 (0.2)
Total	3,620,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2018-19

	Number & share of small businesses (per cent)
Incorporated small businesses	1,020,000 (28.4)
Unincorporated small businesses	2,570,000 (71.6)

Table 4: ATO Estimates

No. & share of partnerships and individual/sole traders, 2018-19

	Number & share of small businesses (per cent)
Partnerships	290,000 (8.1)
Individual/Sole Traders	1,380,000 (38.5)

Tables 2,3 & 4: Treasury estimates based on 2018-19 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by employing businesses

- The number of small businesses increased by 87,806 to 2.34 million in 2020-21, driven by an increase in employing businesses (up 118,862). However, the number of non-employing businesses fell (down 31,056).
- Small businesses made up around 97.5 per cent of the 2.40 million Australian businesses in 2020-21, with non-employing businesses representing the largest share.
- Small businesses have been increasing for several years and have increased by 192,200 since 2017-18.
- Small business numbers showed the strongest growth in Construction (up 16,651) in 2020-21, followed by Professional, Scientific & Technical Services (up 13,864) and Health Care and Social Assistance (up 10,758).
 - The largest percentage increases were in Other Services (up 7.9 per cent) and Retail Trade (6.9 per cent).
- Small business numbers fell in Transport, Postal and Warehousing (down 5,824, or 2.9 per cent), Public Administration & Safety (down 60) and Mining (down 23).
 - The fall in Transport, Postal & Warehousing was driven by business exits for Taxi & Other Road Transport (especially NSW and Victoria) and Other Transport Support Services not elsewhere classified.

ABS Counts of Australian Businesses, including Entries and Exits.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Business Conditions and Sentiments	Business revenue, operating costs, employee absence and supply chain pressures.	January 2022	4 March 2022	Box 1 and Table 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	December quarter 2021	28 April 2022	Box 2 and Figure 2
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia — comprised of small business jobs, sales, wages and time taken to be paid.	January 2022	31 March 2022	Box 3 and Figure 3
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 18 December 2021	10 March 2022	Box 4 and Figure 4
MYOB Business Monitor	Small business pressures	January 2022	Unknown, but in around 6 months	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	December 2021	28 April 2022	Box 6 and Figure 5

Small Business Update:

A spotlight on Australia's small business landscape

1. Sectoral insights: Construction*

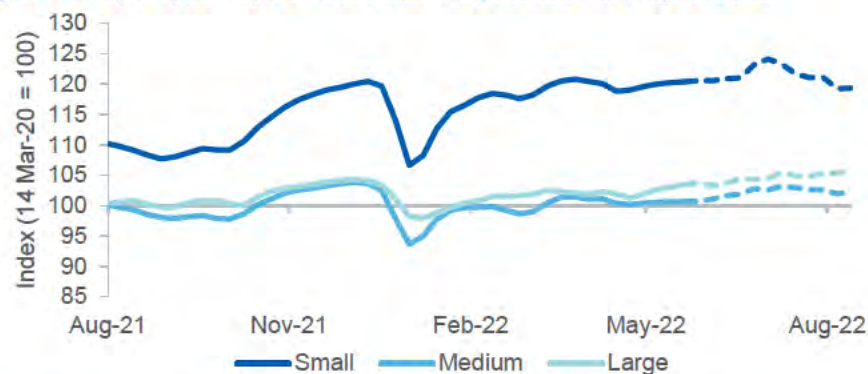
- As at 2021-22, there were 445,253 businesses operating in Construction. In 2020-21, small businesses accounted for 66.3 per cent of employment and 56.7 per cent of industry value added (output) in the sector.
- At August 2022, there were 1.3 million people employed in the sector in their main job, an increase of 83,500, or 7.1 per cent over 3 months. Employment in Building Construction rose by 13,500, Heavy and Civil Engineering Construction by 10,900 and Construction Services by 27,600. Construction employment had the largest growth of any industry division during this time.
- Company gross operating profits (GOP) fell by 5.7 per cent in the June quarter of 2022, to be \$6.8 billion. Company GOP rose by 47.3 per cent to \$7.7 billion at the onset of lockdowns (June 2020), which had strong negative effects on other sectors. They are currently 11.1 per cent lower than those record levels.
- Construction job vacancies fell by 6,400, or 16.0 per cent over the three months to August 2022, to 33,500. The falls in Construction were the largest of any sector. However, Construction vacancies remain elevated compared to any other time that data is available.

*Due to data availability issues, this sectoral insight relates to all businesses (unless otherwise indicated). This is still expected to provide an indication of the small business environment. Quarterly data are sourced from ABS' Quarterly Business Indicators, Labour Force Survey and Job Vacancies Survey, and are seasonally adjusted where available.

4. Small business jobs continue recent falls, while large business jobs rose

- Small business payroll jobs across Australia to 13 August 2022 were 1.9 per cent lower than they were a month prior. Small business jobs fell by 1.5 per cent over the fortnight to 13 August 2022, whereas large business jobs increased by 0.5 per cent.
- Small business payroll jobs decreased over the fortnight and over the month in all jurisdictions except the NT. Over the month, the largest fall was in the Victoria (-2.3 per cent) while jobs rose slightly in the NT (by 0.1 per cent).
- Nevertheless, small business jobs were 9.4 per cent higher than a year ago (4.9 per cent for large businesses), ranging from a 2.5 per cent increase in Tasmania to a 14.9 per cent increase in NSW.

Figure 3: Payroll jobs, by business size, August 2021 to August 2022*

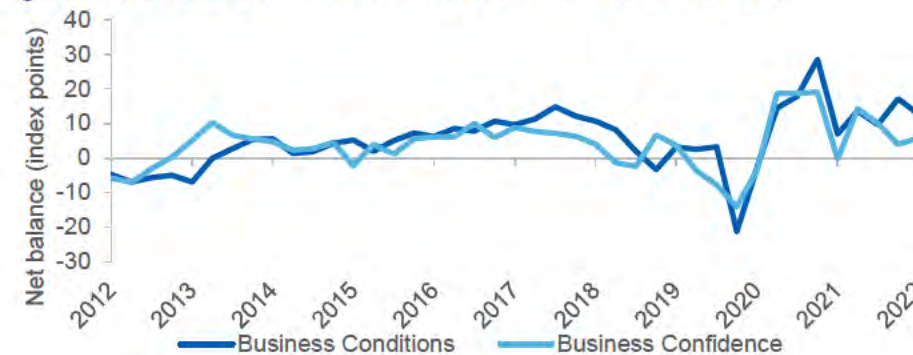


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 13 August 2022 and 17 September 2022, total payroll jobs (all businesses) rose by 0.2 per cent.

2. SME conditions eased and confidence edged up in the September quarter

- NAB Small and Medium Enterprise (SME) business conditions decreased by 4 points in the September 2022 quarter, to +13 index points. The fall was most pronounced in the smallest firms. Conditions fell in most states, only rising in Queensland.
- SME conditions fell in most industries including Property Services (down 14 points) and Business Services (down 11 points), while conditions in Transport and Storage rose strongly, by 25 points to +46 index points, the highest level of all industries
- Business confidence rose in most industries, particularly Transport and Storage, up by 36 points to +23 index points.
- However, SME business confidence rose in the September quarter 2022 by 2 points, to +6 index points. Confidence rose the most in the smallest firms, and is at the highest level in the smallest firms surveyed.

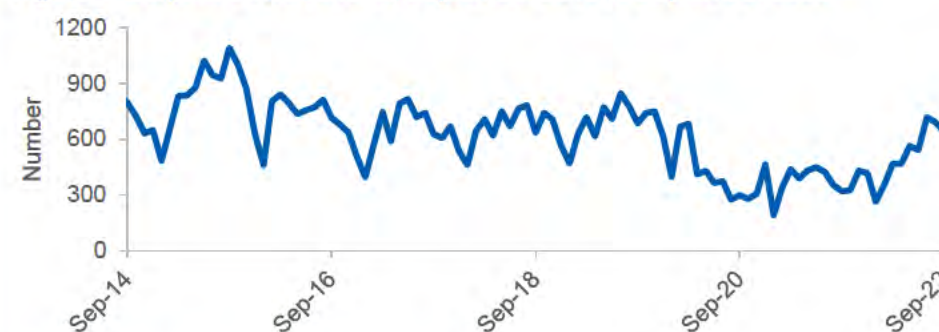
Figure 1: NAB SME business conditions & confidence, 2012 to 2022



5. Spotlight: Corporate insolvencies have risen from their historic lows

- While corporate insolvencies have been at record lows during the COVID-19 period, their levels have increased in recent months.
- In September 2022, there were 643 corporate insolvencies, where a company enters external administration or has a controller appointed.
- In July 2022, there were 717 corporate insolvencies, the highest in any month since before COVID-19 in November 2019.
- In 2018-19, 94.5 per cent of corporate insolvencies were for small businesses (where business size was known). Data are no longer available by size.

Figure 4: Corporate insolvencies, September 2015 to September 2022*

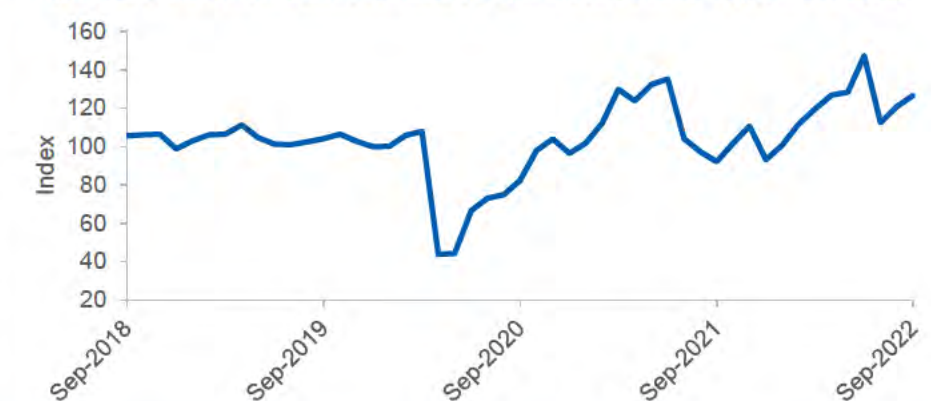


* Data for September 2022 are provisional.

3. Small business performance the highest in three months

- The Xero Australian Small Business Index rose by 6 points in September 2022 to 127 points, the highest level in three months.
- The rise was driven by strong jobs growth, up 10.2 per cent year on year, wages growth (up 4.6 per cent year on year) and an improvement in the time to be paid, down 0.5 days to 23.2 days. Wages growth was the highest observed in the series, which started in 2017; exceeding the previous high of 4.2 per cent observed in April 2022.
- These positive factors were partially offset by the impact of slower sales growth, which are still at 8.8 per cent year on year, but well down on the 20.4 per cent rise of August – which was affected by the low levels during lockdowns in 2021.

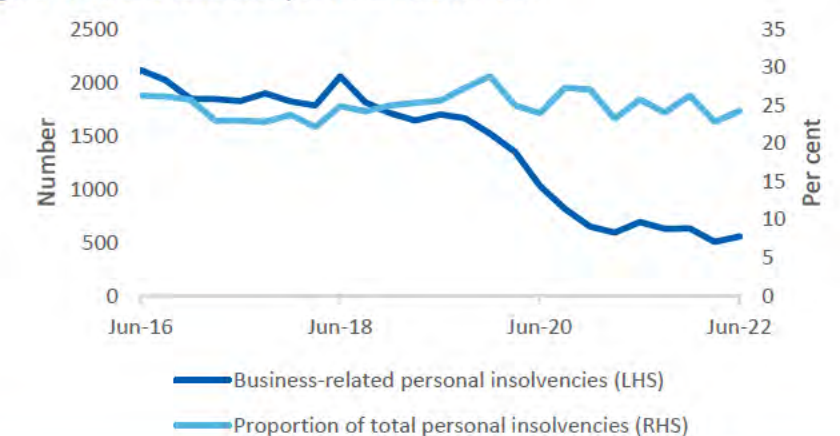
Figure 2: Xero Small Business Index, September 2018 to September 2022



6. Business-related personal insolvencies steady

- The number of business-related personal insolvencies has steadily fallen in recent years. However, they have remained steady as a fraction of total personal insolvencies.
- In the June quarter of 2022, there were 558 business-related personal insolvencies, corresponding to 24.3 per cent of all personal insolvencies. The level of business related personal insolvencies is 19.2 per cent lower than at the June quarter of 2021.

Figure 5: Business-related personal insolvencies



Small Business Update:

October 2022

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates
No. & share of businesses & workers, by size, businesses (2021-22), employment (2020-21) and industry value added (IVA) (2020-21)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,550,151 (60.3)		
Employing			
Micro (1 to 4)	728,759 (28.4)	2,926,000* (24.6)	265* (19.8)
Other Small (5 to 19)	227,102 (8.8)	2,093,000 (17.6)	174 (13.0)
Total small (0 to 19)	2,506,012 (97.5)	5,019,000 (42.2)	438 (32.7)
Medium (20 to 199)	59,355 (2.3)	2,840,000 (23.9)	284 (21.2)
Large (more than 200)	4,533 (0.2)	4,026,000 (33.9)	617 (46.1)
Total	2,569,900	11,884,000	1,339

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data
No. & share of businesses by turnover, 2018-19

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,590,000 (99.2)
Medium (\$10m to \$50m)	20,000 (0.6)
Large (more than \$50m)	6,300 (0.2)
Total	3,620,000

Table 3: Estimates based on tax return data
No. & share of small businesses by incorporation status, 2018-19

	Number & share of small businesses (per cent)
Incorporated small businesses	1,020,000 (28.4)
Unincorporated small businesses	2,570,000 (71.6)

Table 4: ATO Estimates
No. & share of partnerships and individual/sole traders, 2018-19

	Number & share of small businesses (per cent)
Partnerships	290,000 (8.1)
Individual/Sole Traders	1,380,000 (38.5)

Tables 2, 3 & 4: Treasury estimates based on 2018-19 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2021-22

- The number of small businesses increased by 164,172 to 2.51 million in 2020-21, driven by an increase in non-employing businesses (up 140,102). The number of employing small businesses also rose (up 24,070).
- There were 95,891 employing small business births in 2021-22, and 52,289 employing small business cancellations over the period.
- There was a net movement of 14,978 surviving businesses from employing to non-employing during 2021-22 (all businesses).
- Small businesses made up around 97.5 per cent of the 2.51 million Australian businesses in 2021-22, with non-employing businesses representing the largest share, at 60.3 per cent.
- Small businesses have been increasing for several years and have increased by 356,372 since 2017-18. Micro businesses (those with under five employees) have also been increasing for several years, and have increased by 337,062 since 2017-18.
- There were 798,209 sole proprietorships in 2021-22, an increase of 90,239 or 12.7 per cent since 2020-21. The number of sole proprietorships has increased by 26.8 per cent since 2017-18.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS, Quarterly Business Indicators Survey, Labour Force Survey, Job Vacancies Survey	Company gross operating profits, employment, job vacancies	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2022	16 February 2023	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia — comprised of small business jobs, sales, wages and time taken to be paid.	September 2022	24 November 2022	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 13 August 2022	10 November 2022	Box 4 and Figure 3
ASIC Insolvency Statistics	Companies entering external administration or having a controller appointed for the first time	September 2022	During November 2022	Box 5 and Figure 4
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	June 2022	28 November 2022	Box 6 and Figure 5

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2020-21*

	Non- employing	1-19 employees	20-199 employees	200+ employees	Total **
NSW	457,411	340,562	18,112	1,605	817,648
Vic	394,965	244,462	14,722	1,245	655,395
Qld	270,749	177,977	11,191	756	460,669
SA	95,147	50,584	3,502	206	149,404
WA	140,630	83,148	6,040	414	230,220
Tas	23,756	15,723	1,122	72	40,718
NT	8,527	5,850	561	18	14,947
ACT	17,220	13,306	884	31	31,499
Other territories/unknown	1,615	131	0	3	1,754
Australia **	1,410,049	931,791	56,046	4,368	2,402,254

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

Table 2: Employment ('000) by state/territory and size, 2020-21

	0-4 employees	5-19 employees	20-199 employees	200+ employees	Total
NSW	1,053	716	931	1,267	3,967
Vic	748	529	766	1,038	3,082
Qld	570	409	531	786	2,296
SA	163	127	181	262	732
WA	272	213	311	488	1,284
Tas	55	45	47	76	223
NT	20	19	26	38	103
ACT	45	36	47	70	198
Australia	2,926	2,093	2,840	4,026	11,884

Small Business Update:

A spotlight on Australia's small business landscape

1. Sectoral insights: Arts and Recreation Services*

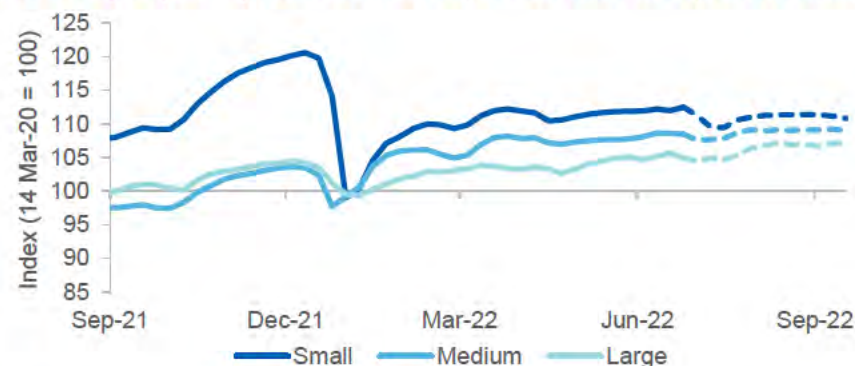
- As at 2021-22, there were 37,078 businesses operating in Arts and Recreation Services. In 2020-21, small businesses accounted for 32.7 per cent of employment and 29.5 per cent of industry value added (output) in the sector.
- At August 2022, there were 229,500 people employed in the sector in their main job, a decrease of around 1,300, or 0.6 per cent over 3 months. Heritage Activities and Sports and Recreation Activities employment rose, while Creative and Performing Arts Activities and Gambling Activities employment fell. Arts and Recreation Services employment had the largest fall of any industry division at the onset of lockdowns, in May 2020 (down 35.6 per cent over three months).
- Company gross operating profits (GOP) rose by 1.5 per cent in the June quarter of 2022, to be \$1.0 billion. Company GOP rose 92.5 per cent to \$2.2 billion at the onset of lockdowns (June 2020); however have fallen in recent quarters and are now down 7.2 per cent compared to pre-lockdown levels.
- Arts and Recreation Services job vacancies fell by 600, or 8.3 per cent over the three months to August 2022, to 6,600. However, vacancies remain elevated compared to any observations pre-COVID.

*Due to data availability issues, this sectoral insight relates to all businesses (unless otherwise indicated). This is still expected to provide an indication of the small business environment. Quarterly data are sourced from ABS' Quarterly Business Indicators, Labour Force Survey and Job Vacancies Survey, and are seasonally adjusted where available.

4. Small business jobs relatively flat for the last two months

- Small business payroll jobs across Australia to 17 September 2022 were 0.5 per cent lower than they were a month prior. Small business jobs have been relatively flat for the last two months, having fallen for a short time in July 2022, then rising somewhat towards the end of July. By contrast, large business jobs rose by 0.3 per cent over the month.
- Small business payroll jobs decreased over the fortnight and over the month in all jurisdictions except the ACT. Over the month, the largest fall was in the NT (-1.3 per cent) while jobs rose in the ACT (by 0.7 per cent).
- Nevertheless, small business jobs were 1.3 per cent higher than a year ago (6.2 per cent for large businesses, 11.3 per cent for medium businesses).

Figure 3: Payroll jobs, by business size, September 2021 to September 2022*

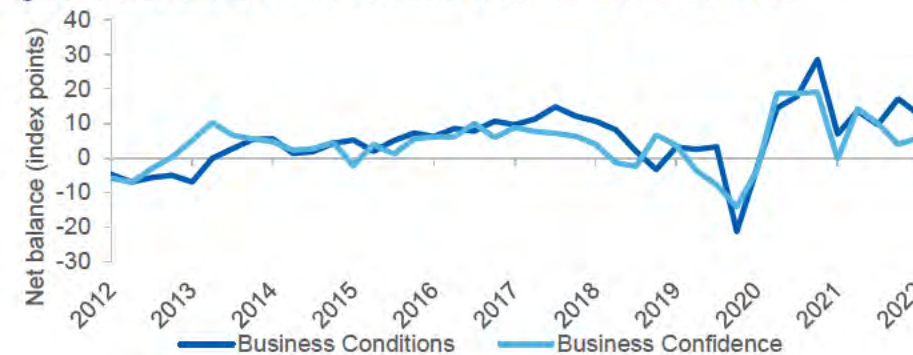


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 17 September 2022 and 15 October 2022, total payroll jobs (all businesses) fell by 0.3 per cent.

2. SME conditions eased and confidence edged up in the September quarter

- NAB Small and Medium Enterprise (SME) business conditions decreased by 4 points in the September 2022 quarter, to +13 index points. The fall was most pronounced in the smallest firms. Conditions fell in most states, only rising in Queensland.
- SME conditions fell in most industries including Property Services (down 14 points) and Business Services (down 11 points), while conditions in Transport and Storage rose strongly, by 25 points to +46 index points, the highest level of all industries.
- Business confidence rose in most industries, particularly Transport and Storage, up by 36 points to +23 index points.
- However, SME business confidence rose in the September quarter 2022 by 2 points, to +6 index points. Confidence rose the most in the smallest firms, and is at the highest level in the smallest firms surveyed.

Figure 1: NAB SME business conditions & confidence, 2012 to 2022



5. Spotlight: Experiences of government procurement

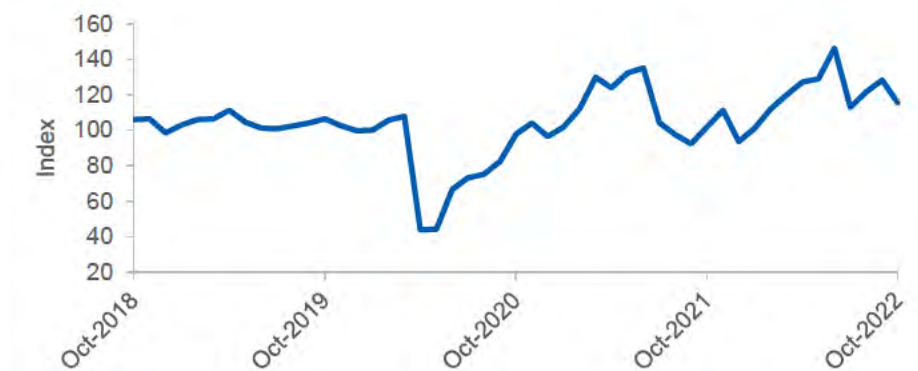
- The InnovationAus Government Procurement Survey* sought feedback from a range of firms who provide technology to government. In October 2022, 78 per cent indicated that selling to government was "complex, difficult and slow" while no respondents agreed that this is "simple, easy and fast".
- Almost half of respondents described the experience of selling products and services to government as either negative (26 per cent) or very negative (23 per cent). Meanwhile, 21 per cent had had a positive experience.
- Most respondents also found the process of preparing and submitting bids required "too much effort" (67 per cent). 43 per cent of respondents indicated that requests for tender or information are rarely suitable for SMEs to bid on, while 31 per cent suggested that requests are sometimes or usually suitable.
- The time waited to receive results after submitting a bid varied, with 15 per cent indicating this takes 1-2 months, 30 per cent indicating 3-5 months and 38 per cent indicating 6-12 months. Six per cent indicated wait times of over a year.
- The Federal Government is an important client for many of the selected businesses, with 61 per cent identifying this as important or very important.

* While this survey has a relatively small sample size (86 participants, of which over 90 per cent were from SMEs), several key findings are relevant. However some caution should be used in interpreting these data. Findings relate to procurement from all levels of government unless otherwise specified.

3. Small business index fell 13 points but remains above average in October

- The Xero Australian Small Business Index fell by 13 points in October 2022 to 115 points, the highest level in three months. It remains above the 2021 average of 111 points, and the average over the last five years (105 points).
- The fall in the Index was driven by all four components. Sales growth slowed to 9.1 per cent year on year, the lowest since February 2021. Jobs growth slowed to 5.5 per cent year on year, although this is the sixth consecutive month of increases. Wages grew 4.2 per cent year on year, which is 0.6 percentage points lower than September. Average payment times rose 0.1 days to 23.5 days.
- All components performed above their long-term average.

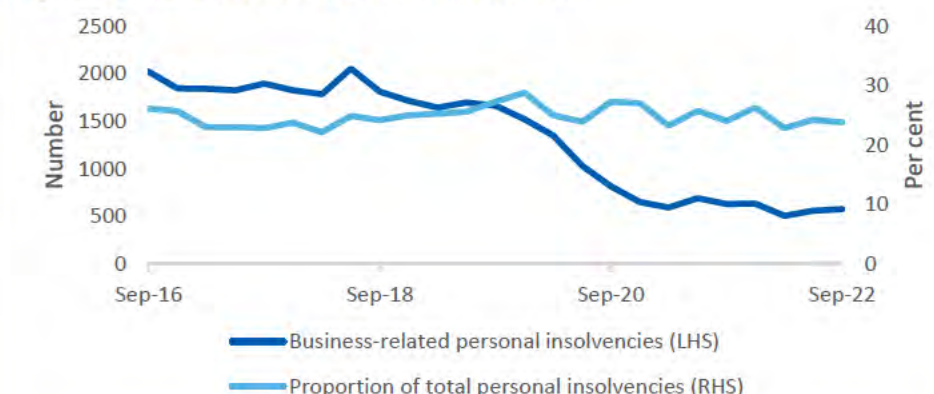
Figure 2: Xero Small Business Index, October 2018 to October 2022



6. Business-related personal insolvencies steady

- The number of business-related personal insolvencies has been relatively steady since late 2020. Further, they have remained steady as a fraction of total personal insolvencies.
- In the September quarter of 2022, there were 574 business-related personal insolvencies, corresponding to 23.8 per cent of all personal insolvencies. Business related personal insolvencies remain around their recent historical lows.

Figure 4: Business-related personal insolvencies



Small Business Update:

November 2022

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size, businesses (2021-22), employment (2020-21) and industry value added (IVA) (2020-21)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,550,151 (60.3)		
Employing			
Micro (1 to 4)	728,759 (28.4)	2,926,000* (24.6)	265* (19.8)
Other Small (5 to 19)	227,102 (8.8)	2,093,000 (17.6)	174 (13.0)
Total small (0 to 19)	2,506,012 (97.5)	5,019,000 (42.2)	438 (32.7)
Medium (20 to 199)	59,355 (2.3)	2,840,000 (23.9)	284 (21.2)
Large (more than 200)	4,533 (0.2)	4,026,000 (33.9)	617 (46.1)
Total	2,569,900	11,884,000	1,339

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2019-20

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,690,000 (99.2)
Medium (\$10m to \$50m)	24,000 (0.6)
Large (more than \$50m)	6,500 (0.2)
Total	3,720,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2019-20

	Number & share of small businesses (per cent)
Incorporated small businesses	1,060,000 (29)
Unincorporated small businesses	2,630,000 (71)

Table 4: ATO Estimates

No. & share of partnerships and individual/sole traders, 2019-20

	Number & share of small businesses (per cent)
Partnerships	280,000 (8)
Individual/Sole Traders	1,430,000 (39)

Tables 2, 3 & 4: Treasury estimates based on 2019-20 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2021-22

- The number of small businesses increased by 164,172 to 2.51 million in 2020-21, driven by an increase in non-employing businesses (up 140,102). The number of employing small businesses also rose (up 24,070).
- There were 95,891 employing small business births in 2021-22, and 52,289 employing small business cancellations over the period.
- There was a net movement of 14,978 surviving businesses from employing to non-employing during 2021-22 (all businesses).
- Small businesses made up around 97.5 per cent of the 2.51 million Australian businesses in 2021-22, with non-employing businesses representing the largest share, at 60.3 per cent.
- Small businesses have been increasing for several years and have increased by 356,372 since 2017-18. Micro businesses (those with under five employees) have also been increasing for several years, and have increased by 337,062 since 2017-18.
- There were 798,209 sole proprietorships in 2021-22, an increase of 90,239 or 12.7 per cent since 2020-21. The number of sole proprietorships has increased by 26.8 per cent since 2017-18.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS, Quarterly Business Indicators Survey, Labour Force Survey, Job Vacancies Survey	Company gross operating profits, employment, job vacancies	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2022	16 February 2023	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia — comprised of small business jobs, sales, wages and time taken to be paid.	October 2022	Expected December 2022 or January 2023	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 17 September 2022	8 December 2022	Box 4 and Figure 3
InnovationAus Government Procurement Survey	Companies entering external administration or having a controller appointed for the first time	October 2022	Unknown	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	September quarter 2022	Expected February 2023	Box 6 and Figure 4

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 8

1. Sectoral insights: Other Services company profits*

- Other Services is predominantly composed of a range of personal services (e.g. hairdressing); religious, civic, professional and other interest group services; and selected repair and maintenance activities (e.g. automotive).
- As at 2021-22, there were 129,049 businesses (all sizes) operating in Other Services. In 2020-21, small businesses accounted for 65.7 per cent of employment and 55.9 per cent of industry value added (output) in the sector.
- Company gross operating profits (GOP) were \$1.6 billion in September quarter 2022. Compared to March 2020 levels (onset of lockdowns), company GOP rose the most of any industry division, and has remained relatively elevated.

Figure 1: Company GOP – Other Services and all other industry divisions

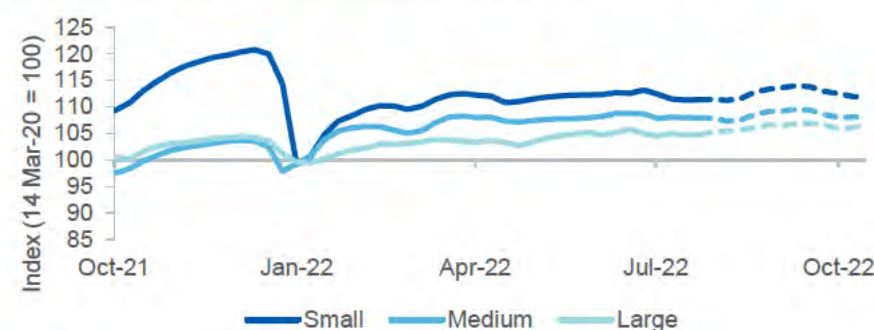


* This edition focuses on company profits, as recent behaviour of Other Services employment and job vacancies has been less pronounced relative to other sectors.

4. Small business jobs fall in October

- Small business payroll jobs across Australia to 15 October 2022 were 1.7 per cent lower than they were a month prior. By contrast, large business jobs fell by 0.1 per cent over the month.
- Small business payroll jobs decreased over the fortnight and over the month in most states and territories. Over the month, the largest fall was in NSW (-2.4 per cent) while the only jurisdiction where jobs rose was the ACT (by 0.7 per cent).
- Small business jobs were 1.1 per cent lower than a year ago, (5.0 per cent higher for large businesses, 8.4 per cent higher for medium businesses). Small business jobs over the year are lower in every state and territory except Vic (up by 5.0 per cent).

Figure 4: Payroll jobs, by business size, October 2021 to October 2022*



* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 15 October 2022 and 12 November 2022, total payroll jobs (all businesses) rose by 0.7 per cent.

2. SME conditions eased and confidence edged up in the September quarter

- NAB Small and Medium Enterprise (SME) business conditions decreased by 4 points in the September 2022 quarter, to +13 index points. The fall was most pronounced in the smallest firms. Conditions fell in most states, only rising in Queensland.
- SME conditions fell in most industries including Property Services (down 14 points) and Business Services (down 11 points), while conditions in Transport and Storage rose strongly, by 25 points to +46 index points, the highest level of all industries
- Business confidence rose in most industries, particularly Transport and Storage, up by 36 points to +23 index points.
- However, SME business confidence rose in the September quarter 2022 by 2 points, to +6 index points. Confidence rose the most in the smallest firms, and is at the highest level in the smallest firms surveyed.

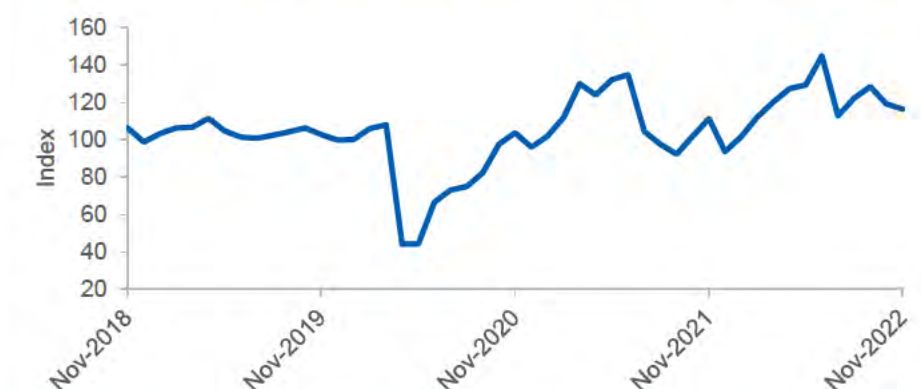
Figure 2: NAB SME business conditions & confidence, 2012 to 2022



3. Small business index fell in October and November

- The Australian Small Business Index fell three points in November 2022 (after falling 9 points in October) to 116 points. It remains above the 2021 average of 111 points, and the average over the last five years (105 points).
- The fall was driven by slower sales, jobs and wages growth. Sales grew 7.7 per cent year on year (down from 13.1 per cent in October), jobs grew 2.5 per cent year on year (down from 6.0 per cent in October) and wages grew 4.1 per cent year on year (down from 4.2 per cent in October). Jobs and sales growth were lower than their five year average.
- There was a small improvement in time to be paid in November 2022, down by 0.2 days to 23.3 days.

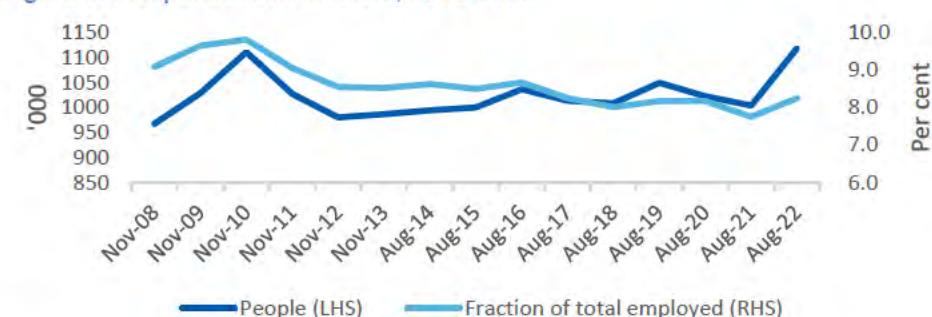
Figure 3: Xero Small Business Index, November 2018 to November 2022



5. Spotlight: Independent contracting

- Independent contractors are people who operate their own business and who are contracted to perform services for others without having the legal status of an employee (i.e. people who are engaged by a client, rather than an employer to undertake the work). Independent contractors spend most of their time directly engaged with clients or on client tasks, as opposed to managing staff.
- In August 2022, there were 1.1 million independent contractors in Australia, or 8.3 per cent of total employment.
- Over a third (429,800, or 38.4 per cent) of independent contractors identified that they did not have authority over their own work. This lack of authority is prevalent in all industries and occupations.

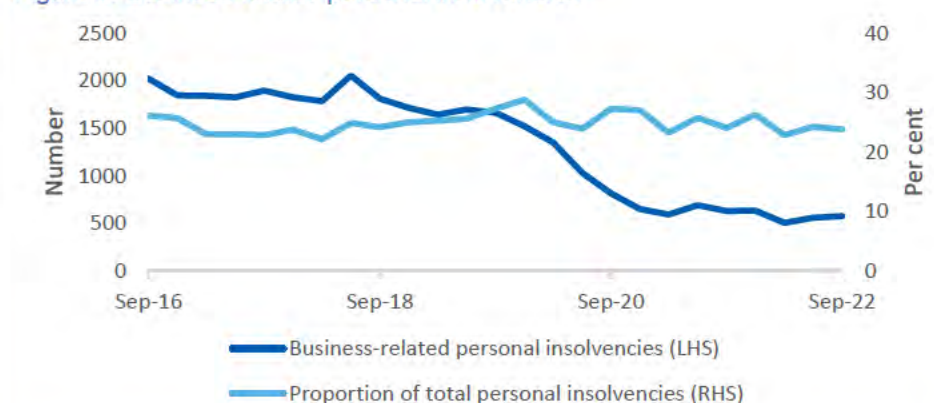
Figure 5: Independent contractors, 2008-2022



6. Business-related personal insolvencies steady

- The number of business-related personal insolvencies has been relatively steady since late 2020. Further, they have remained steady as a fraction of total personal insolvencies.
- In the September quarter of 2022, there were 574 business-related personal insolvencies, corresponding to 23.8 per cent of all personal insolvencies. Business related personal insolvencies remain around their recent historical lows.

Figure 6: Business-related personal insolvencies



Small Business Update:

December 2022

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size, businesses (2021-22), employment (2020-21) and industry value added (IVA) (2020-21)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,550,151 (60.3)		
Employing			
Micro (1 to 4)	728,759 (28.4)	2,926,000* (24.6)	265* (19.8)
Other Small (5 to 19)	227,102 (8.8)	2,093,000 (17.6)	174 (13.0)
Total small (0 to 19)	2,506,012 (97.5)	5,019,000 (42.2)	438 (32.7)
Medium (20 to 199)	59,355 (2.3)	2,840,000 (23.9)	284 (21.2)
Large (more than 200)	4,533 (0.2)	4,026,000 (33.9)	617 (46.1)
Total	2,569,900	11,884,000	1,339

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2019-20

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,690,000 (99.2)
Medium (\$10m to \$50m)	24,000 (0.6)
Large (more than \$50m)	6,500 (0.2)
Total	3,720,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2019-20

	Number & share of small businesses (per cent)
Incorporated small businesses	1,060,000 (29)
Unincorporated small businesses	2,630,000 (71)

Table 4: ATO Estimates

No. & share of partnerships and individual/sole traders, 2019-20

	Number & share of small businesses (per cent)
Partnerships	280,000 (8)
Individual/Sole Traders	1,430,000 (39)

Tables 2, 3 & 4: Treasury estimates based on 2019-20 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2021-22

- The number of small businesses increased by 164,172 to 2.51 million in 2020-21, driven by an increase in non-employing businesses (up 140,102). The number of employing small businesses also rose (up 24,070).
- There were 95,891 employing small business births in 2021-22, and 52,289 employing small business cancellations over the period.
- There was a net movement of 14,978 surviving businesses from employing to non-employing during 2021-22 (all businesses).
- Small businesses made up around 97.5 per cent of the 2.51 million Australian businesses in 2021-22, with non-employing businesses representing the largest share, at 60.3 per cent.
- Small businesses have been increasing for several years and have increased by 356,372 since 2017-18. Micro businesses (those with under five employees) have also been increasing for several years, and have increased by 337,062 since 2017-18.
- There were 798,209 sole proprietorships in 2021-22, an increase of 90,239 or 12.7 per cent since 2020-21. The number of sole proprietorships has increased by 26.8 per cent since 2017-18.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS, Quarterly Business Indicators Survey; and Counts of Australian Businesses, Including Entries and Exits	Company gross operating profits	Multiple	Multiple	Box 1 and Figure 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2022	16 February 2023	Box 2 and Figure 2
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia — comprised of small business jobs, sales, wages and time taken to be paid.	November 2022	Expected January 2023	Box 3 and Figure 3
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 15 October 2022	18 January 2023	Box 4 and Figure 4
ABS Characteristics of Employment Survey	Number of independent contractors and fraction of total employed	August 2022	Unknown	Box 5 and Figure 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	September quarter 2022	Expected February 2023	Box 6 and Figure 6

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2021-22*

	Non- employing	1-19 employees	20-199 employees	200+ employees	Total **
NSW	494,161	273,229	74,843	18,889	862,769
Vic	460,916	192,114	57,425	15,160	726,839
Qld	289,306	137,529	46,203	12,170	485,971
SA	101,146	37,789	14,875	3,780	157,813
WA	150,121	61,616	23,313	6,632	242,139
Tas	25,001	11,372	4,961	1,159	42,614
NT	9,105	4,047	2,000	586	15,796
ACT	18,561	10,865	3,440	989	33,918
Other territories/unknown	1,841	199	18	6	2,041
Australia **	1,550,151	728,759	59,355	4,533	2,569,900

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

Table 2: Employment ('000) by state/territory and size, 2020-21

	0-4 employees	5-19 employees	20-199 employees	200+ employees	Total
NSW	1,053	716	931	1,267	3,967
Vic	748	529	766	1,038	3,082
Qld	570	409	531	786	2,296
SA	163	127	181	262	732
WA	272	213	311	488	1,284
Tas	55	45	47	76	223
NT	20	19	26	38	103
ACT	45	36	47	70	198
Australia	2,926	2,093	2,840	4,026	11,884

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document ID

1. Sectoral insights: Cyber security related industries*

- Cyber security related industries* include Telecommunications Services, Internet Service Providers, Web Search Portals and Data Processing Services, Scientific Research Services and Computer System Design.
- In 2021-22, there were 82,597 small businesses operating in cyber security related industries (97.8 per cent of all businesses in these industries). The number of small businesses in these industries grew by 6.4 per cent over the financial year, with around two thirds based in NSW and Vic.
- At November 2022, there were 544,400 people working in industries related to cyber security ** in their main job. This is an increase of 12.0 per cent over the last six months alone, and 16.4 per cent compared to a year prior.

Figure 1: Employment in cyber security related and all industries



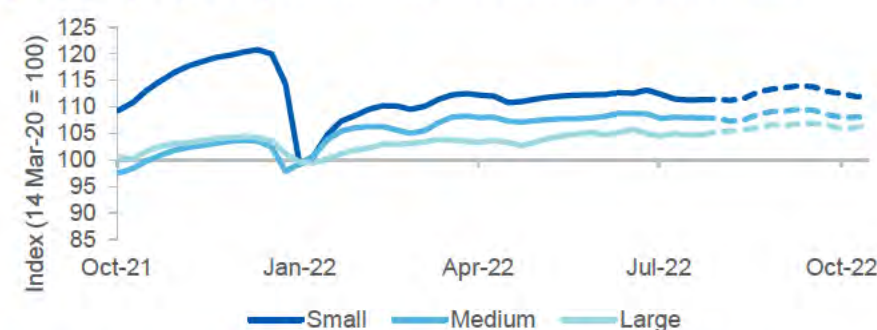
* AustCyber identifies several industries related to cyber security activities in its Sector Competitiveness Plan 2019. Not all activity in these industries is cyber security.
<https://www.austcyber.com/resources/sector-competitiveness-plan-2019/chapter3>

** All business sizes.

4. Small business jobs fell in October

- Small business payroll jobs across Australia to 15 October 2022 were 1.7 per cent lower than they were a month prior. By contrast, large business jobs fell by 0.1 per cent over the month.
- Small business payroll jobs decreased over the fortnight and over the month in most states and territories. Over the month, the largest fall was in NSW (-2.4 per cent) while the only jurisdiction where jobs rose was the ACT (by 0.7 per cent).
- Small business jobs were 1.1 per cent lower than a year ago, (5.0 per cent higher for large businesses, 8.4 per cent higher for medium businesses). Small business jobs over the year are lower in every state and territory except Vic (up by 5.0 per cent).

Figure 4: Payroll jobs, by business size, October 2021 to October 2022*



* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 15 October 2022 and 12 November 2022, total payroll jobs (all businesses) rose by 0.7 per cent.

2. SME conditions eased and confidence edged up in the September quarter

- NAB Small and Medium Enterprise (SME) business conditions decreased by 4 points in the September 2022 quarter, to +13 index points. The fall was most pronounced in the smallest firms. Conditions fell in most states, only rising in Queensland.
- SME conditions fell in most industries including Property Services (down 14 points) and Business Services (down 11 points), while conditions in Transport and Storage rose strongly, by 25 points to +46 index points, the highest level of all industries.
- Business confidence rose in most industries, particularly Transport and Storage, up by 36 points to +23 index points.
- However, SME business confidence rose in the September quarter 2022 by 2 points, to +6 index points. Confidence rose the most in the smallest firms, and is at the highest level in the smallest firms surveyed.

Figure 2: NAB SME business conditions & confidence, 2012 to 2022



5. Spotlight: Scams and cyber security

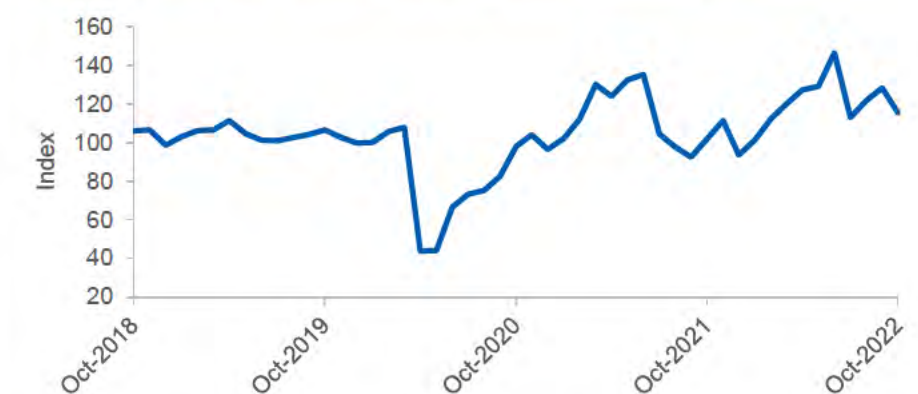
- Australia ranks 12 out of 182 on the Global Cyber Security index with a score of 97.47. According to the Australian Cyber Security Centre (ACSC), "While global trends indicate a decline in 'big game' [ransomware] targeting and a shift towards targeting small and medium sized business, that change has yet to be seen in Australia."
- In 2021-22, ACSC observed a rise in the average cost per cyber crime report to over \$39,000 for small businesses. For business email compromise (all businesses), there was an average loss of \$64,000 per report.
- With respect to specific vulnerabilities, ACSC:
 - Suggested small businesses should prioritise automated updates, which help prevent network compromises by even the most sophisticated actors,
 - Observed that 150,000 to 200,000 office routers in homes and small businesses are vulnerable to compromise.
- Recent reports to the Australian Competition and Consumer Commission's (ACCC) Scamwatch platform show farm machinery scams as being prominent, with Australian farm businesses losing over \$16,000 per scam report to scammers in 2022 up to 31 August. These scams largely relate to fake online sales for tractors and other machinery.

Sources: International Telecommunication Union, ACSC Annual Threat Report 2021-22, ACCC

3. Small business index fell 13 points but remained above average in October

- The Xero Australian Small Business Index fell by 13 points in October 2022 to 115 points. It remains above the 2021 average of 111 points, and the average over the last five years (105 points).
- The fall in the Index was driven by all four components. Sales growth slowed to 9.1 per cent year on year, the lowest since February 2021. Jobs growth slowed to 5.5 per cent year on year, although this is the sixth consecutive month of increases. Wages grew 4.2 per cent year on year, which is 0.6 percentage points lower than September. Average payment times rose 0.1 days to 23.5 days.
- All components performed above their long-term average.

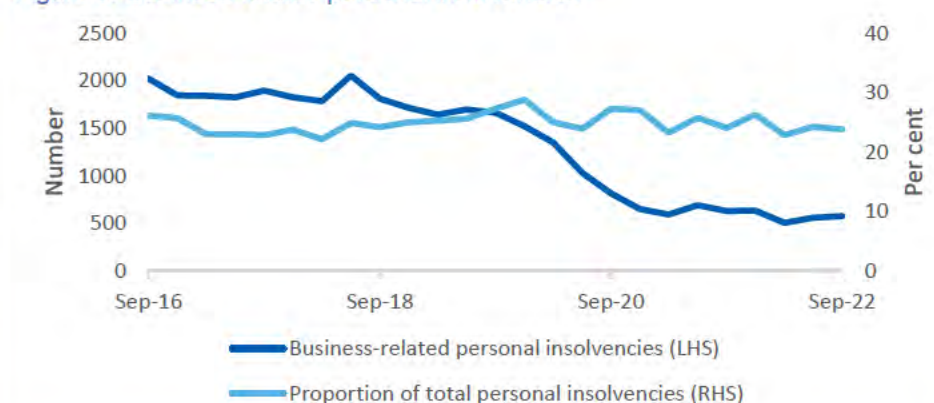
Figure 3: Xero Small Business Index, October 2018 to October 2022



6. Business-related personal insolvencies steady

- The number of business-related personal insolvencies has been relatively steady since late 2020. Further, they have remained steady as a fraction of total personal insolvencies.
- In the September quarter of 2022, there were 574 business-related personal insolvencies, corresponding to 23.8 per cent of all personal insolvencies. Business related personal insolvencies remain around their recent historical lows.

Figure 5: Business-related personal insolvencies



Small Business Update:

January 2023

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size, businesses (2021-22), employment (2020-21) and industry value added (IVA) (2020-21)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,550,151 (60.3)		
Employing			
Micro (1 to 4)	728,759 (28.4)	2,926,000* (24.6)	265* (19.8)
Other Small (5 to 19)	227,102 (8.8)	2,093,000 (17.6)	174 (13.0)
Total small (0 to 19)	2,506,012 (97.5)	5,019,000 (42.2)	438 (32.7)
Medium (20 to 199)	59,355 (2.3)	2,840,000 (23.9)	284 (21.2)
Large (more than 200)	4,533 (0.2)	4,026,000 (33.9)	617 (46.1)
Total	2,569,900	11,884,000	1,339

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2019-20

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,690,000 (99.2)
Medium (\$10m to \$50m)	24,000 (0.6)
Large (more than \$50m)	6,500 (0.2)
Total	3,720,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2019-20

	Number & share of small businesses (per cent)
Incorporated small businesses	1,060,000 (29)
Unincorporated small businesses	2,630,000 (71)

Table 4: ATO Estimates

No. & share of partnerships and individual/sole traders, 2019-20

	Number & share of small businesses (per cent)
Partnerships	280,000 (8)
Individual/Sole Traders	1,430,000 (39)

Tables 2, 3 & 4: Treasury estimates based on 2019-20 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2021-22

- The number of small businesses increased by 164,172 to 2.51 million in 2021-22, driven by an increase in non-employing businesses (up 140,102). The number of employing small businesses also rose (up 24,070).
- Small business counts have been increasing for several years and have increased by 298,096 since 2018-19.
- Small business numbers showed the largest increase in Construction (up 33,237) in 2020-22, followed by Transport, Postal and Warehousing (up 16,522) and Professional, Scientific and Technical Services (up 16,281).
- The largest percentage increases were in Administrative and Support Services (up 15.5 per cent) and Other Services (up 13.0 per cent).
- While small business numbers rose in all industries, the smallest percentage increases were in Agriculture, Forestry and Fishing (up 1.4 per cent), and Wholesale Trade (up 3.0 per cent).
- In 2021-22, the Local Government Areas with the largest increase in small businesses were Wyndham, Vic (up 8,229), Casey, Vic (up 6,144) and Hume, NSW (up 5,384).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Labour Force Survey; and Counts of Australian Businesses, Including Entries and Exits	Counts of businesses and employment	Multiple	Multiple	Box 1 and Figure 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2022	16 February 2023	Box 2 and Figure 2
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	October 2022	23 February 2023	Box 3 and Figure 3
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 15 October 2022	9 February 2023	Box 4 and Figure 4
Australian Cyber Security Centre and Australian Competition and Consumer Commission	Cost per cyber crime report	Multiple	Multiple	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	September quarter 2022	Expected February 2023	Box 6 and Figure 5

Small Business Update:

A spotlight on Australia's small business landscape

1. Sectoral insights: Health Care and Social Assistance*

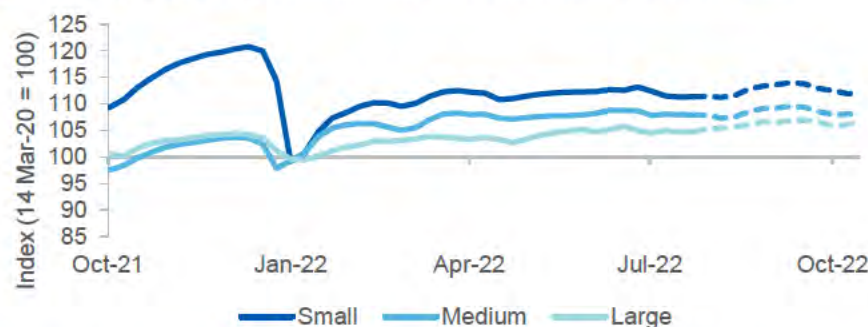
- As at 2021-22, there were around 154,900 small businesses operating in Health Care and Social Assistance. In 2020-21, small businesses accounted for 29.8 per cent of private sector employment and 38.8 per cent of private sector industry value added (output) in the sector.
- At November 2022, there were 2,062,200 people employed in the sector in their main job (or 15 per cent of Australia's workforce, the highest of any industry division), an increase of 8.6 per cent over the year. Employment in the sector increased by 119,200 in the February 2022 quarter alone.
 - Within this sector, employment has increased in every industry group since February 2020 (pre COVID-19) except Residential Care Services (down by 6.0 per cent). Employment in Hospitals has increased by 16.3 per cent over this time, while employment in Allied Health Services has increased by 11.0 per cent).
- At November 2022, there were 62,700 vacancies in the sector, a decrease of 15.6 per cent compared to a record high three months earlier. Vacancies are currently more than double of what they were at any time before COVID-19, and more than triple of any time prior to May 2017.

*Due to data availability issues, this sectoral insight relates to all businesses (unless otherwise indicated). Despite this, the data provides an indication of the small business environment. Data are sourced from ABS' Labour Force Survey and Job Vacancies Survey, and are seasonally adjusted where available.

4. Small business jobs fell in October

- Small business payroll jobs across Australia to 15 October 2022 were 1.7 per cent lower than they were a month prior. By contrast, large business jobs fell by 0.1 per cent over the month.
- Small business payroll jobs decreased over the fortnight and over the month in most states and territories. Over the month, the largest fall was in NSW (-2.4 per cent) while the only jurisdiction where jobs rose was the ACT (by 0.7 per cent).
- Small business jobs were 1.1 per cent lower than a year ago, (5.0 per cent higher for large businesses, 8.4 per cent higher for medium businesses). Small business jobs over the year are lower in every state and territory except Vic (up by 5.0 per cent).

Figure 3: Payroll jobs, by business size, October 2021 to October 2022*

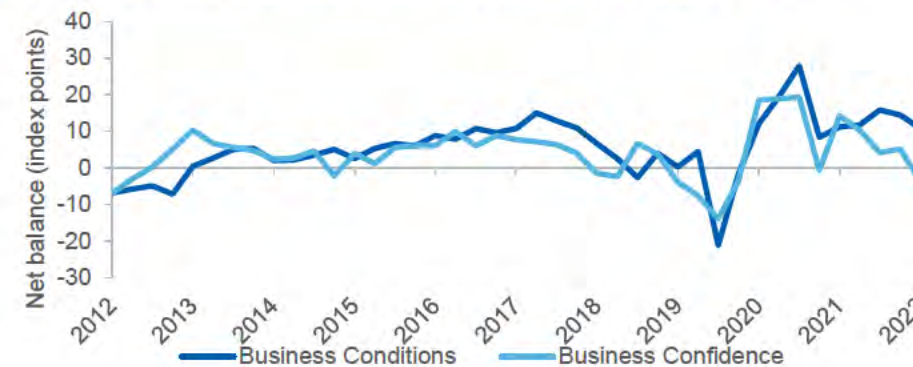


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 15 October 2022 and 12 November 2022, total payroll jobs (all businesses) rose by 0.7 per cent.

2. SME conditions eased and confidence fell sharply in the December quarter

- NAB Small and Medium Enterprise (SME) business conditions decreased by 4 points in the December 2022 quarter, to +11 index points. While conditions remain positive in all states, they fell in most states, rising in South Australia.
- SME conditions fell in most industries. Property Services fell 16 points to -5 index points, with all other industries remaining positive. Conditions in Transport and Storage (+29 index points) and Accommodation, Cafes and Restaurants (+27 index points) remained strong.
- Business confidence fell by 9 points in the December quarter to -4 index points. This is the lowest SME business confidence since mid 2020.
- SME business confidence fell notably in all industries. While falls were similar in all SME sizes, confidence fell the most for the smallest firms. SME confidence fell in all states, and is negative everywhere except Queensland.

Figure 1: NAB SME business conditions & confidence, 2012 to 2022



5. Spotlight: Small Business Debt Helpline (SBDH)

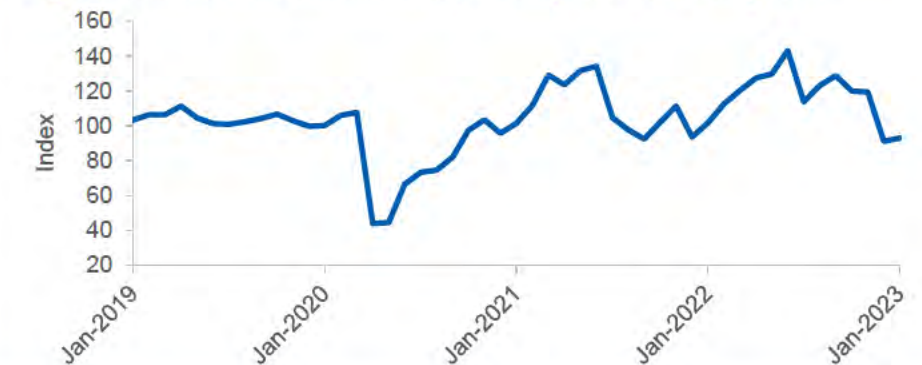
The SBDH is a specialist small business phone and web based financial counselling service available nationally. Insights for July to December 2022 are:

- There were 1,083 cases of assistance, up 12.9 per cent from the six months prior and up 20.6 per cent from the same period last year.
- Callers were mainly micro businesses with less than five employees (around 90 per cent), located in the eastern states (82 per cent), and operating in Accommodation & Food Services and Construction industries.
- They were primarily seeking help with managing debts (65 per cent) held with the ATO, a commercial or retail landlord, and business or equipment financing. There was a large increase in callers impacted by material levels of ATO debt.
- There continues to be increased call intensity reflecting both the degree of distress and the complexity of the financial difficulty they face. The underlying factor contributing to difficulties is changes in personal circumstances.
- There was an increase in support provided on insolvency (corporate and personal) and personal liabilities/guarantees (54 per cent of cases, up 20 per cent from the same period last year).
- Of the 680 small business owners identified as having vulnerable circumstances, 64 per cent attributed it to mental ill-health and distress.

3. Small business index rose slightly in January, after falling sharply in December

- The Xero Australian Small Business Index fell by 28 points in December 2022, and rose by 2 points in January 2023. It is now at 93 points.
- The fall in the Index was driven by all four components. In both December and January, sales growth was 7.2 per cent year on year, the lowest since February 2021. Given recent consumer price inflation outcomes, this indicates a fall in sales volumes.
- In January 2023, jobs growth slowed to 1.6 per cent year on year, down from 3.1 per cent in November. Wages grew 2.9 per cent year on year, the lowest since December 2021. Average payment times rose 0.6 days to 23.8 days, the longest since October 2020.
- Sales, wages and jobs growth are now performing below their long-term average, with the overall index 12 points below its long-term average.

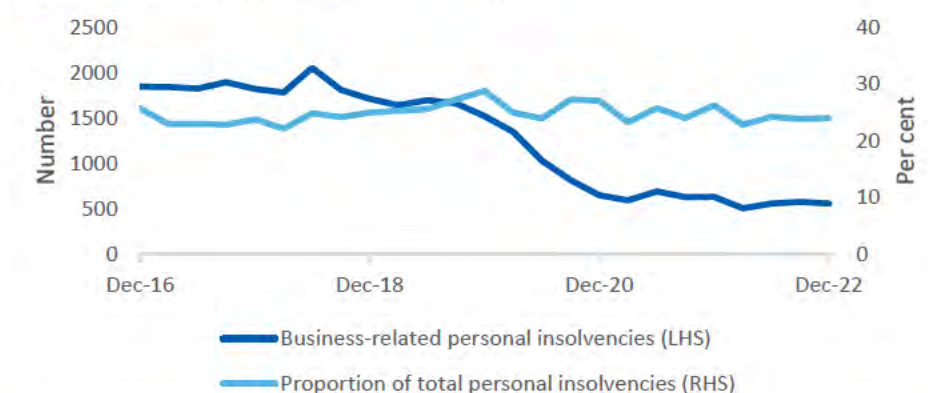
Figure 2: Xero Small Business Index, January 2019 to January 2023



6. Business-related personal insolvencies steady

- The number of business-related personal insolvencies has been relatively steady since late 2020. Further, they have remained steady as a fraction of total personal insolvencies.
- In the December quarter of 2022, there were 558 business-related personal insolvencies, corresponding to 24.0 per cent of all personal insolvencies. Business related personal insolvencies remain around their recent historical lows.

Figure 4: Business-related personal insolvencies



Small Business Update:

February 2023

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size, businesses (2021-22), employment (2020-21) and industry value added (IVA) (2020-21)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,550,151 (60.3)		
Employing			
Micro (1 to 4)	728,759 (28.4)	2,926,000* (24.6)	265* (19.8)
Other Small (5 to 19)	227,102 (8.8)	2,093,000 (17.6)	174 (13.0)
Total small (0 to 19)	2,506,012 (97.5)	5,019,000 (42.2)	438 (32.7)
Medium (20 to 199)	59,355 (2.3)	2,840,000 (23.9)	284 (21.2)
Large (more than 200)	4,533 (0.2)	4,026,000 (33.9)	617 (46.1)
Total	2,569,900	11,884,000	1,339

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2019-20

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,690,000 (99.2)
Medium (\$10m to \$50m)	24,000 (0.6)
Large (more than \$50m)	6,500 (0.2)
Total	3,720,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2019-20

	Number & share of small businesses (per cent)
Incorporated small businesses	1,060,000 (29)
Unincorporated small businesses	2,630,000 (71)

Table 4: ATO Estimates

No. & share of partnerships and individual/sole traders, 2019-20

	Number & share of small businesses (per cent)
Partnerships	280,000 (8)
Individual/Sole Traders	1,430,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2019-20 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2021-22

- The number of small businesses increased by 164,172 to 2.51 million in 2021-22, driven by an increase in non-employing businesses (up 140,102). The number of employing small businesses also rose (up 24,070).
- Small business counts have been increasing for several years and have increased by 298,096 since 2018-19.
- Small business numbers showed the largest increase in Construction (up 33,237) in 2020-22, followed by Transport, Postal and Warehousing (up 16,522) and Professional, Scientific and Technical Services (up 16,281).
- The largest percentage increases were in Administrative and Support Services (up 15.5 per cent) and Other Services (up 13.0 per cent).
- While small business numbers rose in all industries, the smallest percentage increases were in Agriculture, Forestry and Fishing (up 1.4 per cent), and Wholesale Trade (up 3.0 per cent).
- In 2021-22, the Local Government Areas with the largest increase in small businesses were Wyndham, Vic (up 8,229), Casey, Vic (up 6,144) and Hume, NSW (up 5,384).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Labour Force Survey; and Job Vacancies Survey	Employment and job vacancies	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	December quarter 2022	27 April 2023	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	January 2023	27 April 2023	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 15 October 2022	15 March 2023	Box 4 and Figure 3
Small Business Debt Helpline December 2022 Insights Report	Service insights	June to December 2022	Expected around September 2023	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	December quarter 2022	31 May 2023	Box 6 and Figure 4

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 12

1. Sectoral insights: Technical and Vocational Education and Training *

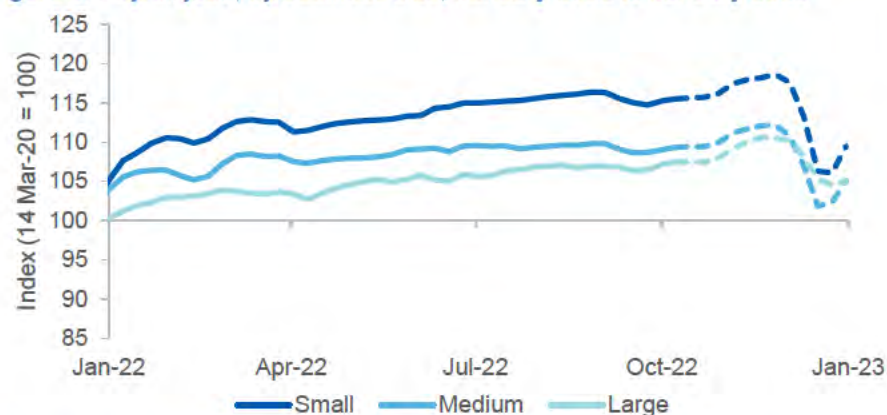
- Technical and Vocational Education and Training consists of business units which "offer a large variety of courses covering a range of subjects or specialise in a particular field of education such as computer and business management training." This includes TAFE and technical college operation.
- As at 2021-22, there were around 9,600 small businesses operating in Technical and Vocational Education and Training, increasing by 3 per cent over the financial year. The sector is anticipated to generate \$12.6 billion in revenue in 2022-23, and will contribute \$6.2 billion industry value added, while employing around 50,000 people. In 2022-23, revenue will have grown by an average of 4.2 per cent per year over the last five years.
- According to IBISWorld, "The prevalence of small-scale, independent firms constrains increases in market share concentration by larger operators...Although government providers continue to dominate the industry, their share of students has declined over the past five years, due to government encouragement of demand-driven service provision." The industry's largest businesses are owned and operated by state governments; most TAFEs are run by statutory authorities that have been established by state governments.

* Due to data availability issues, this tile relates to all businesses (unless otherwise indicated). Nonetheless, it is indicative of small business activity.

4. Seasonal fall in small business jobs in January

- Small business payroll jobs in Australia to 14 January 2023 were 6.9 per cent lower than they were a month prior, in line with seasonal patterns observed in the labour market. Large business jobs fell by 4.7 per cent over the month. Small business jobs were 4.2 per cent higher over the year.
- Small business payroll jobs decreased over the month all states and territories. Over the month, the largest falls were in Vic (-8.3 per cent), NT (-8.3 per cent) and NSW (-7.2 per cent). Small business jobs were higher over the year in every state and territory, varying from NSW (up 3.0 per cent) to the ACT (up 11.4 per cent).

Figure 3: Payroll jobs, by business size, January 2022 to January 2023*

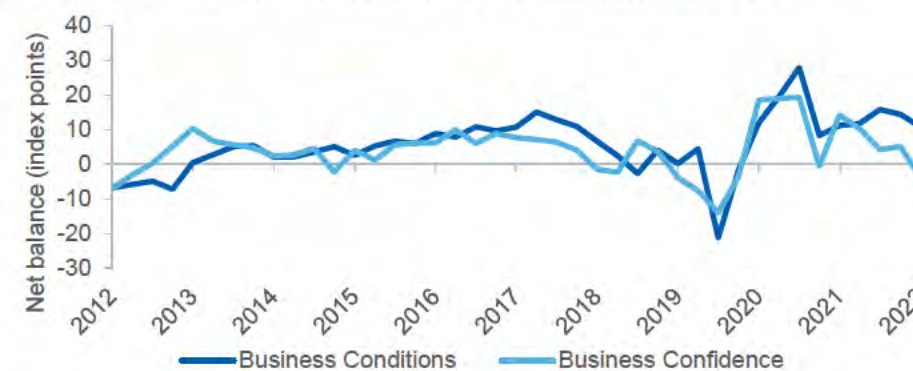


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 14 January 2023 and 11 February 2023, total payroll jobs (all businesses) rose by 2.6 per cent.

2. SME conditions eased and confidence fell sharply in the December quarter

- NAB Small and Medium Enterprise (SME) business conditions decreased by 4 points in the December 2022 quarter, to +11 index points. While conditions remain positive in all states, they fell in most states, rising in South Australia.
- SME conditions fell in most industries. Property Services fell 16 points to -5 index points, with all other industries remaining positive. Conditions in Transport and Storage (+29 index points) and Accommodation, Cafes and Restaurants (+27 index points) remained strong.
- Business confidence fell by 9 points in the December quarter to -4 index points. This is the lowest SME business confidence since mid 2020.
- SME business confidence fell notably in all industries. While falls were similar in all SME sizes, confidence fell the most for the smallest firms. SME confidence fell in all states, and is negative everywhere except Queensland.

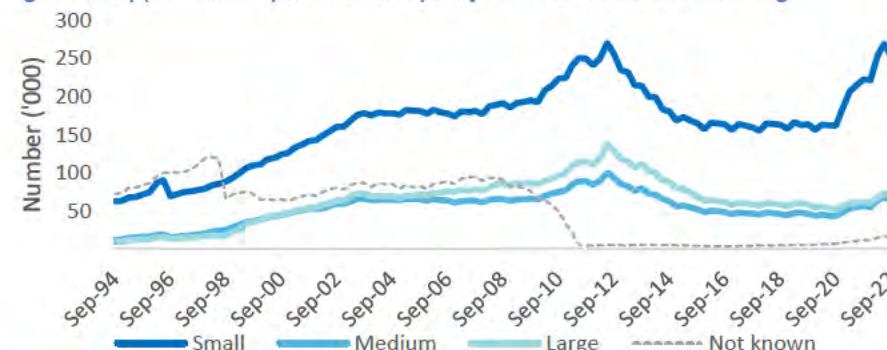
Figure 1: NAB SME business conditions & confidence, 2012 to 2022



5. Spotlight: Small Business plays a key role in Apprenticeships/Traineeships

- In the September quarter of 2022, there were 402,246 apprentices/trainees in training, of which 252,352 or 62.7 per cent were working for a small business.
- Of the 252,352 apprentices/trainees in training in a small business in the September 2022 quarter, 71,663 were female, 12,241 were Aboriginal and Torres Strait Islander people, 5,761 lived in remote or very remote Australia and 7,212 had a disability. The most prevalent industry division is Construction (104,948) and the most prevalent occupation major group is Technicians and Trade Workers (168,395).

Figure 4: Apprenticeships/traineeships by business size – in training

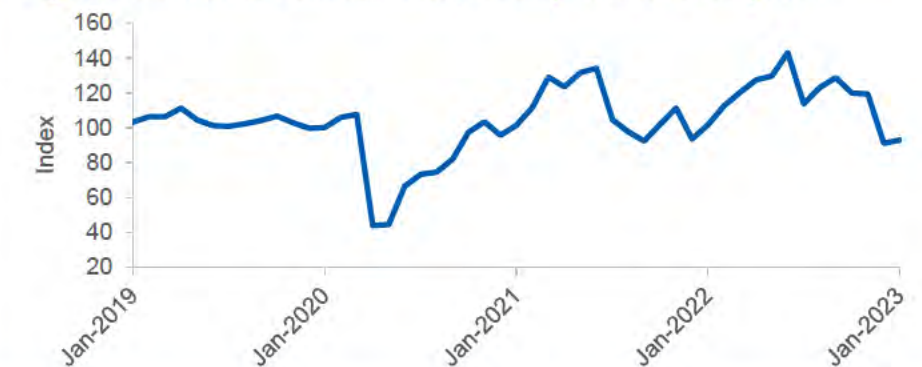


Source: VOCSTATS, extracted on 28/03/2023

3. Small business index rose slightly in January, after falling sharply in December

- The Xero Australian Small Business Index fell by 28 points in December 2022, and rose by 2 points in January 2023. It is now at 93 points.
- The fall in the Index was driven by all four components. In both December and January, sales growth was 7.2 per cent year on year, the lowest since February 2021. Given recent consumer price inflation outcomes, this indicates a fall in sales volumes.
- In January 2023, jobs growth slowed to 1.6 per cent year on year, down from 3.1 per cent in November. Wages grew 2.9 per cent year on year, the lowest since December 2021. Average payment times rose 0.6 days to 23.8 days, the longest since October 2020.
- Sales, wages and jobs growth are now performing below their long-term average, with the overall index 12 points below its long-term average.

Figure 2: Xero Small Business Index, January 2019 to January 2023



6. Business-related personal insolvencies steady

- The number of business-related personal insolvencies has been relatively steady since late 2020. Further, they have remained steady as a fraction of total personal insolvencies.
- In the December quarter of 2022, there were 558 business-related personal insolvencies, corresponding to 24.0 per cent of all personal insolvencies. Business related personal insolvencies remain around their recent historical lows.

Figure 5: Business-related personal insolvencies



Small Business Update:

March 2023

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size, businesses (2021-22), employment (2020-21) and industry value added (IVA) (2020-21)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,550,151 (60.3)		
Employing			
Micro (1 to 4)	728,759 (28.4)	2,926,000* (24.6)	265* (19.8)
Other Small (5 to 19)	227,102 (8.8)	2,093,000 (17.6)	174 (13.0)
Total small (0 to 19)	2,506,012 (97.5)	5,019,000 (42.2)	438 (32.7)
Medium (20 to 199)	59,355 (2.3)	2,840,000 (23.9)	284 (21.2)
Large (more than 200)	4,533 (0.2)	4,026,000 (33.9)	617 (46.1)
Total	2,569,900	11,884,000	1,339

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2019-20

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,690,000 (99.2)
Medium (\$10m to \$50m)	24,000 (0.6)
Large (more than \$50m)	6,500 (0.2)
Total	3,720,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2019-20

	Number & share of small businesses (per cent)
Incorporated small businesses	1,060,000 (29)
Unincorporated small businesses	2,630,000 (71)

Table 4: ATO Estimates

No. & share of partnerships and individual/sole traders, 2019-20

	Number & share of small businesses (per cent)
Partnerships	280,000 (8)
Individual/Sole Traders	1,430,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2019-20 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2021-22

- The number of small businesses increased by 164,172 to 2.51 million in 2021-22, driven by an increase in non-employing businesses (up 140,102). The number of employing small businesses also rose (up 24,070).
- Small business counts have been increasing for several years and have increased by 298,096 since 2018-19.
- Small business numbers showed the largest increase in Construction (up 33,237) in 2020-22, followed by Transport, Postal and Warehousing (up 16,522) and Professional, Scientific and Technical Services (up 16,281).
- The largest percentage increases were in Administrative and Support Services (up 15.5 per cent) and Other Services (up 13.0 per cent).
- While small business numbers rose in all industries, the smallest percentage increases were in Agriculture, Forestry and Fishing (up 1.4 per cent), and Wholesale Trade (up 3.0 per cent).
- In 2021-22, the Local Government Areas with the largest increase in small businesses were Wyndham, Vic (up 8,229), Casey, Vic (up 6,144) and Hume, NSW (up 5,384).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, including Entries and Exits, IBISWorld	Business counts, revenue, industry value added, employment	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	December quarter 2022	27 April 2023	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	January 2023	27 April 2023	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 14 January 2023	6 April 2023	Box 4 and Figure 3
National Centre for Vocational Education Research VOCSTATS, extracted on 28/03/2023	Apprenticeships/traineeships, those in training	September quarter 2022	Expected July 2023	Box 5 and Figure 4
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	December quarter 2022	31 May 2023	Box 6 and Figure 5

Small Business Update:

A spotlight on Australia's small business landscape

1. Sectoral insights: Solar panel installation *

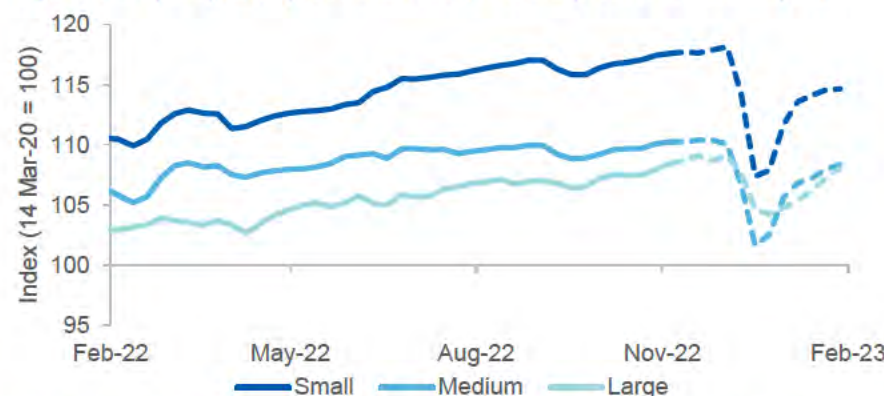
- The activity in the industry is predominantly comprised of small businesses which operate in specific geographic areas (there are no "major players"). There are over 7,000 businesses engaged in solar panel installation.
 - Some businesses install solar panels on behalf of major energy retailers. Large electricity retailers typically offer dedicated solar panel products and systems (including installation). However, the installation is usually contracted out to smaller businesses.
 - IBISWorld indicates that in future, larger companies are likely to consolidate market share to gain a competitive advantage.
- Although sales in small-scale systems (up to 9.5 kilowatts) have the largest market share, there has been recent growth in mid-sized systems (9.5 – 20 kilowatts), driven by commercial uptake. This is due to increasing electricity prices, decreasing solar system costs and discounted loans for mid-size solar systems, including through the Clean Energy Finance Corporation.
- The sector is anticipated to generate \$3.0 billion in revenue in 2022-23, and will contribute \$938 million industry value added, while employing over 9,000 people. In 2022-23, industry value added (inflation adjusted) will have grown by an average of 8.0 per cent per year over the last five years.

* This industry includes businesses which install small-scale photovoltaic solar panels, and provide repair and maintenance services on existing solar panels. Businesses that install large-scale commercial solar panels are excluded.

4. Small business jobs increase after seasonal low in January

- Small business payroll jobs in Australia to 11 February 2023 were 2.7 per cent higher than they were a month prior, with an increase expected after the seasonal low in January. Large business jobs rose by 3.2 per cent over the month. Small business jobs were 3.7 per cent higher over the year.
- Small business payroll jobs increased over the month in all states and territories. Over the month, the largest rise was in the NT (6.1 per cent), followed by SA (3.2 per cent). Small business jobs were higher over the year in every state and territory, varying from the ACT (up 9.7 per cent) to NSW (up 2.2 per cent).

Figure 3: Payroll jobs, by business size, February 2022 to February 2023*



* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 11 February 2023 and 11 March 2023, total payroll jobs (all businesses) rose by 0.6 per cent.

2. SME conditions remain resilient while confidence remains negative in the March quarter

- NAB Small and Medium Enterprise (SME) business conditions decreased by 1 point in the March 2023 quarter, to +11 index points. Conditions rose for mid-sized SMEs but fell for larger and smaller SMEs.
- The largest falls in SME conditions were in Transport and Storage, down by 9 points to +22 index points, and Retail, down by 9 points to +3 index points. The largest increases in SME conditions were in Property Services, up 6 points to +1 index point, and Health, up by 4 points to +23 index points.
- Business confidence fell by 1 point in the March quarter to -5 index points. This remains the lowest SME business confidence since mid 2020.
- SME business confidence remains negative in most industries. The lowest levels of confidence are in Finance and Insurance (-15 index points) and Property Services (-14 index points).

Figure 1: NAB SME business conditions & confidence, 2013 to 2023



5. Spotlight: Small Business Energy Costs *

- On 1 July 2023, regulated electricity prices for small businesses on the east coast are forecast to increase between 14.7 and 30.9 per cent compared to same time last year** depending on which electricity network zone the business operates in.
- Regulated prices are reflected in the standing offer (default) tariffs offered by electricity retailers. There are about 273,204 (29 per cent) east coast small businesses on standing offers, and 663,248 (71 per cent) east coast small businesses are on market offers which are generally more competitive.
- The AER reports that at the December quarter of 2022, there are 19,981 small businesses that are currently in energy debt***, with an average debt amount of \$2,127. The number of customers in energy debt is 10.6 per cent lower than a year ago, and the average debt is 3.4 per cent lower than a year ago.

* The 2023 regulated price is based on the Australian Energy Regulator (AER) and Essential Services Commission of Victoria (ESCV) draft determinations. Reference price is the maximum price that retailers can charge electricity customers on standing contracts.

** The AER regulates the reference prices for Qld, NSW and SA. ESCV regulates reference prices for Vic. WA, NT, ACT, and Tas, not included in this analysis, are separately regulated by their respective state and territory governments.

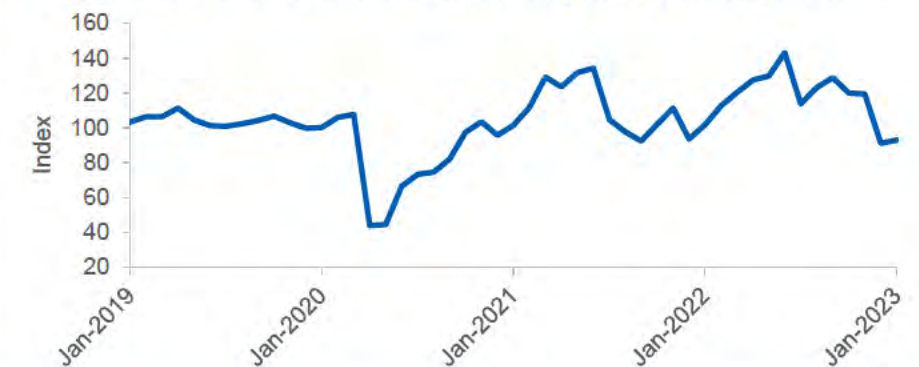
*** This includes debts related to gas.

Note: Under the Default Market Offer legislative framework, small business customers are those who use less than 100 MWh per annum. Small business customers under the Victorian Default Offer use less than 40MWh per annum.

3. Small business index rose slightly in January, after falling sharply in December

- The Xero Australian Small Business Index fell by 28 points in December 2022, and rose by 2 points in January 2023. It is now at 93 points.
- The fall in the Index was driven by all four components. In both December and January, sales growth was 7.2 per cent year on year, the lowest since February 2021. Given recent consumer price inflation outcomes, this indicates a fall in sales volumes.
- In January 2023, jobs growth slowed to 1.6 per cent year on year, down from 3.1 per cent in November. Wages grew 2.9 per cent year on year, the lowest since December 2021. Average payment times rose 0.6 days to 23.8 days, the longest since October 2020.
- Sales, wages and jobs growth are now performing below their long-term average, with the overall index 12 points below its long-term average.

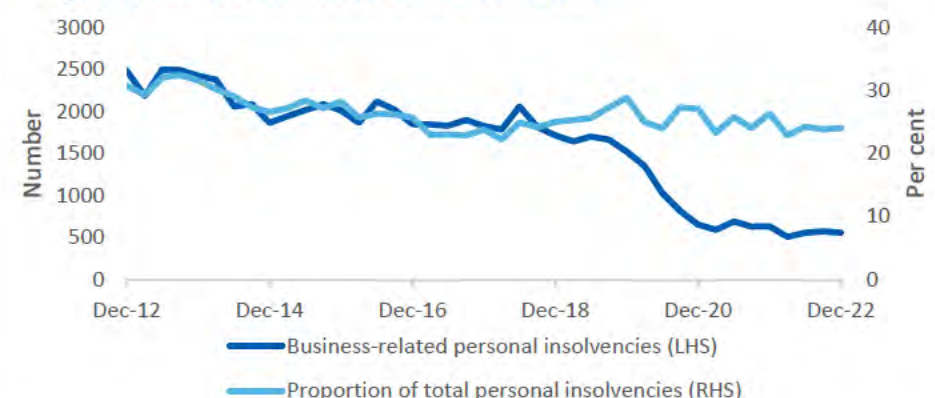
Figure 2: Xero Small Business Index, January 2019 to January 2023



6. Business-related personal insolvencies steady

- The number of business-related personal insolvencies has been relatively steady since late 2020. Further, they have remained steady as a fraction of total personal insolvencies.
- In the December quarter of 2022, there were 558 business-related personal insolvencies, corresponding to 24.0 per cent of all personal insolvencies. Business related personal insolvencies remain around their recent historical lows.

Figure 4: Business-related personal insolvencies



Small Business Update:

April 2023

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size, businesses (2021-22), employment (2020-21) and industry value added (IVA) (2020-21)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,550,151 (60.3)		
Employing			
Micro (1 to 4)	728,759 (28.4)	2,926,000* (24.6)	265* (19.8)
Other Small (5 to 19)	227,102 (8.8)	2,093,000 (17.6)	174 (13.0)
Total small (0 to 19)	2,506,012 (97.5)	5,019,000 (42.2)	438 (32.7)
Medium (20 to 199)	59,355 (2.3)	2,840,000 (23.9)	284 (21.2)
Large (more than 200)	4,533 (0.2)	4,026,000 (33.9)	617 (46.1)
Total	2,569,900	11,884,000	1,339

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2019-20

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,690,000 (99.2)
Medium (\$10m to \$50m)	24,000 (0.6)
Large (more than \$50m)	6,500 (0.2)
Total	3,720,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2019-20

	Number & share of small businesses (per cent)
Incorporated small businesses	1,060,000 (29)
Unincorporated small businesses	2,630,000 (71)

Table 4: ATO Estimates

No. & share of partnerships and individual/sole traders, 2019-20

	Number & share of small businesses (per cent)
Partnerships	280,000 (8)
Individual/Sole Traders	1,430,000 (39)

Tables 2, 3 & 4: Treasury estimates based on 2019-20 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2021-22

- The number of small businesses increased by 164,172 to 2.51 million in 2021-22, driven by an increase in non-employing businesses (up 140,102). The number of employing small businesses also rose (up 24,070).
- Small business counts have been increasing for several years and have increased by 298,096 since 2018-19.
- Small business numbers showed the largest increase in Construction (up 33,237) in 2020-22, followed by Transport, Postal and Warehousing (up 16,522) and Professional, Scientific and Technical Services (up 16,281).
- The largest percentage increases were in Administrative and Support Services (up 15.5 per cent) and Other Services (up 13.0 per cent).
- While small business numbers rose in all industries, the smallest percentage increases were in Agriculture, Forestry and Fishing (up 1.4 per cent), and Wholesale Trade (up 3.0 per cent).
- In 2021-22, the Local Government Areas with the largest increase in small businesses were Wyndham, Vic (up 8,229), Casey, Vic (up 6,144) and Hume, NSW (up 5,384).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
IBISWorld	Business counts, revenue, industry value added, employment	2022-23	Unknown	Box 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	March quarter 2023	27 July 2023	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	January 2023	Unknown	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 11 February 2023	11 May 2023	Box 4 and Figure 3
Australian Energy Regulator and Essential Services Commission Victoria	Current and forecast energy prices, energy customer contract types, energy debt, and hardship data.	Multiple	Multiple	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	December quarter 2022	31 May 2023	Box 6 and Figure 4

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2021-22*

	Non- employing	1-4 employees	5-19 employees	20-199 employees	200+ employees	Total **
NSW	494,161	273,229	74,843	18,889	1,672	862,769
Vic	460,916	192,114	57,425	15,160	1,238	726,839
Qld	289,306	137,529	46,203	12,170	784	485,971
SA	101,146	37,789	14,875	3,780	234	157,813
WA	150,121	61,616	23,313	6,632	474	242,139
Tas	25,001	11,372	4,961	1,159	75	42,614
NT	9,105	4,047	2,000	586	21	15,796
ACT	18,561	10,865	3,440	989	52	33,918
Other territories/ unknown	1,841	199	18	6	0	2,041
Australia **	1,550,151	728,759	227,102	59,355	4,533	2,569,900

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

Table 2: Employment ('000) by state/territory and size, 2021-22

	0-4 employees	5-19 employees	20-199 employees	200+ employees	Total
NSW	1,006	710	980	1,317	4,013
Vic	798	559	815	1,064	3,237
Qld	590	436	567	831	2,424
SA	176	134	184	282	777
WA	294	227	330	519	1,371
Tas	56	46	51	78	232
NT	20	20	28	39	107
ACT	45	37	53	71	206
Australia	2,985	2,170	3,009	4,202	12,367

Small Business Update:

A spotlight on Australia's small business landscape

1. Sectoral insights: Road Freight Transport *

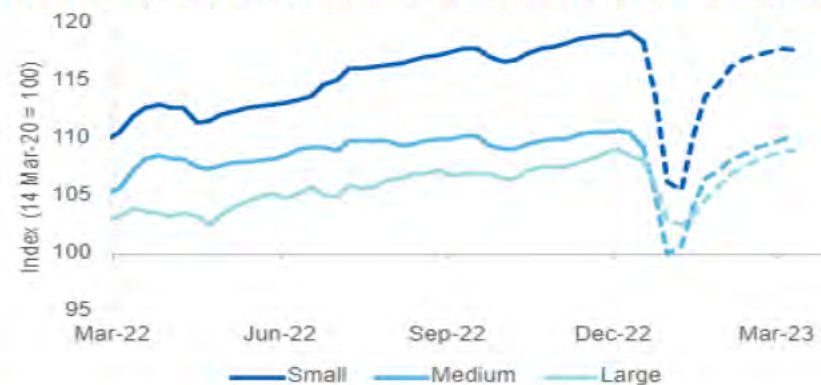
- As of June 2022, there were nearly 58,000 small businesses, accounting for 98.1 per cent of all businesses in Road Freight Transport. The number of small businesses in the industry grew by 9.7 per cent in 2021-22, faster than the average growth across other sectors.
- According to IBISWorld, after a revenue contraction in 2020-21 due to pandemic-related supply chain disruptions, the industry made a strong recovery in 2021-22 due to growing freight demand both domestically and internationally. Industry revenue grew by 6.1 per cent in 2021-22 and is expected to grow at 1.6 per cent, reaching \$66.1 billion during 2022-23.
- Despite growing revenue, increasing fuel costs have lowered profit margins. In 2022-23, the industry's profit margin is estimated to be 2.3 per cent, only 0.1 percentage point higher than 2021-22 and lower than pre-pandemic. Intense competition has limited the ability of small road freight operators to pass on their rising costs to downstream markets.
- In 2022-23, the industry employs over 208,000 people, a 4.9 per cent increase compared to 2021-22. A shortage of skilled drivers will continue to hinder the industry's expansion, whilst wage costs have put pressure on industry profitability.

* Due to data availability, this tile relates to all businesses unless otherwise indicated. Nonetheless, it is indicative of small business activity.

4. Small business jobs slightly increased

- Small business payroll jobs in Australia to 11 March 2023 increased by 0.6 per cent compared to the previous month, returning to levels similar to late 2022. Medium business jobs rose by 1.4 per cent and large business jobs rose by 1.2 per cent over the month.
- Small business payroll jobs increased over the month in all states and territories except Tasmania. Over the month, the largest rise was in the NT (1.4 per cent), followed by ACT (1.3 per cent). Small business jobs were higher over the year in every state and territory, varying from the ACT (up 11 per cent) to Vic (up 3.9 per cent).

Figure 3: Payroll jobs, by business size, February 2022 to February 2023*



* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 11 March and 15 April 2023, total payroll jobs (all businesses) decreased by 0.8 per cent.

2. SME conditions remain resilient while confidence remains negative in the March quarter

- NAB Small and Medium Enterprise (SME) business conditions decreased by 1 point in the March 2023 quarter, to +11 index points. Conditions rose for mid-sized SMEs but fell for larger and smaller SMEs.
- The largest falls in SME conditions were in Transport and Storage, down by 9 points to +22 index points, and Retail, down by 9 points to +3 index points. The largest increases in SME conditions were in Property Services, up 6 points to +1 index point, and Health, up by 4 points to +23 index points.
- Business confidence fell by 1 point in the March quarter to -5 index points. This remains the lowest SME business confidence since mid 2020.
- SME business confidence remains negative in most industries. The lowest levels of confidence are in Finance and Insurance (-15 index points) and Property Services (-14 index points).

Figure 1: NAB SME business conditions & confidence, 2013 to 2023



5. Spotlight: Inventory and cash flow

- In December quarter 2022, the value of total business inventories (all business sizes) is \$223.9 billion, growing at 18.3 per cent through the year, remaining around record highs. While the value was mostly driven up by prices, inventories volumes also increased by 5.9 per cent, remaining elevated compared to the period since 2007.
- A Cash Flow and Overstock Report by Unleashed shows that their Australian client firms held an average of \$231,000 of overstock * over the 12 months to March 2023. The average capital held in overstock is highest in Building and Construction, at \$370,500 per firm, followed by Industrial Machinery, Raw Material and Equipment, at \$358,400 per firm, and Electrical and Electronic Components, at \$312,800.
- This overstocking was a response to increasing lead times and freight costs experienced during and after the pandemic. It reflects the switch from the *just in time* business model to the more costly *just in case* model.
- Overstocking limits business cash flow and reduces the gross marginal return on inventory (GMROI) **. Except for the Food and Automotive Supplies sectors, all industries have seen substantial decreases in GMROI compared to pre-pandemic levels.

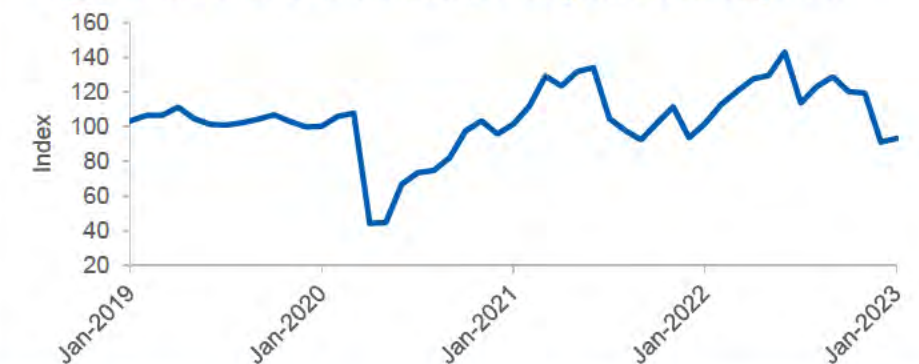
* Overstock is considered to be stock over and above what a firm needed in the year.

** GMROI shows how much profit inventory sales produce after covering inventory costs.

3. Small business index rose slightly in January, after falling sharply in December

- The Xero Australian Small Business Index fell by 28 points in December 2022, and rose by 2 points in January 2023. It is now at 93 points.
- The fall in the Index was driven by all four components. In both December and January, sales growth was 7.2 per cent year on year, the lowest since February 2021. Given recent consumer price inflation outcomes, this indicates a fall in sales volumes.
- In January 2023, jobs growth slowed to 1.6 per cent year on year, down from 3.1 per cent in November. Wages grew 2.9 per cent year on year, the lowest since December 2021. Average payment times rose 0.6 days to 23.8 days, the longest since October 2020.
- Sales, wages and jobs growth are now performing below their long-term average, with the overall index 12 points below its long-term average.

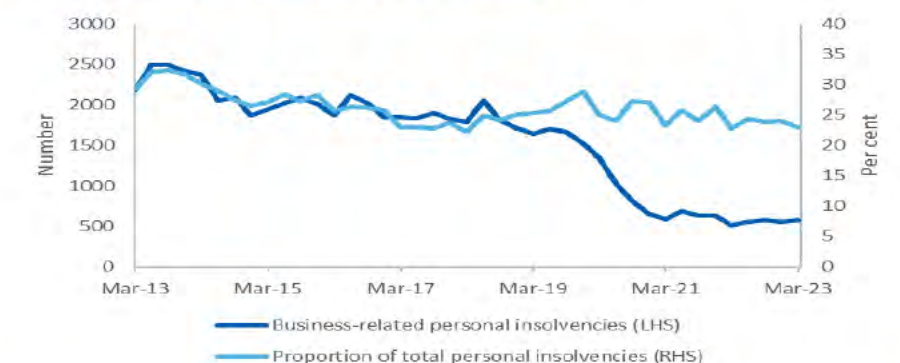
Figure 2: Xero Small Business Index, January 2019 to January 2023



6. Business-related personal insolvencies steady

- The number of business-related personal insolvencies slightly increased in the March quarter 2023 compared to the previous quarter, though remained around the low level of late 2020. Further, they have remained steady as a fraction of total personal insolvencies.
- In the March quarter of 2023, there were 573 business-related personal insolvencies, corresponding to 23.0 per cent of all personal insolvencies. Business-related personal insolvencies remain around their recent historical lows.

Figure 4: Business-related personal insolvencies



Small Business Update:

May 2023

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size (2021-22) businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,550,151 (60.3)		
Employing			
Micro (1 to 4)	728,759 (28.4)	2,985,000* (24.1)	304* (19.5)
Other Small (5 to 19)	227,102 (8.8)	2,170,000 (17.5)	202 (12.9)
Total small (0 to 19)	2,506,012 (97.5)	5,155,000 (41.7)	506 (32.4)
Medium (20 to 199)	59,355 (2.3)	3,009,000 (24.3)	345 (22.1)
Large (more than 200)	4,533 (0.2)	4,202,000 (34.0)	711 (45.5)
Total	2,569,900	12,367,000	1,562

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2019-20

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,690,000 (99.2)
Medium (\$10m to \$50m)	24,000 (0.6)
Large (more than \$50m)	6,500 (0.2)
Total	3,720,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2019-20

	Number & share of small businesses (per cent)
Incorporated small businesses	1,060,000 (29)
Unincorporated small businesses	2,630,000 (71)

Table 4: ATO Estimates

No. & share of partnerships and individual/sole traders, 2019-20

	Number & share of small businesses (per cent)
Partnerships	280,000 (8)
Individual/Sole Traders	1,430,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2019-20 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2021-22

- The number of small businesses increased by 164,172 to 2.51 million in 2021-22, driven by an increase in non-employing businesses (up 140,102). The number of employing small businesses also rose (up 24,070).
- Small business counts have been increasing for several years and have increased by 298,096 since 2018-19.
- Small business numbers showed the largest increase in Construction (up 33,237) in 2020-22, followed by Transport, Postal and Warehousing (up 16,522) and Professional, Scientific and Technical Services (up 16,281).
- The largest percentage increases were in Administrative and Support Services (up 15.5 per cent) and Other Services (up 13.0 per cent).
- While small business numbers rose in all industries, the smallest percentage increases were in Agriculture, Forestry and Fishing (up 1.4 per cent), and Wholesale Trade (up 3.0 per cent).
- In 2021-22, the Local Government Areas with the largest increase in small businesses were Wyndham, Vic (up 8,229), Casey, Vic (up 6,144) and Hume, NSW (up 5,384).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, IBISWorld	Business counts, revenue, industry value added, employment	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	March quarter 2023	27 July 2023	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	January 2023	Unknown	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 15 April 2023	8 June 2023	Box 4 and Figure 3
ABS Business Indicators, Unleashed Inventory reports	Business inventories	Multiple	Multiple	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	March quarter 2023	25 August 2023	Box 6 and Figure 4

SMALL BUSINESS UPDATE

A spotlight on Australia's small business landscape: NAIDOC Week 2023

FOI 4420
Document 16

1. Sectoral insights: Indigenous businesses ^{nsa}

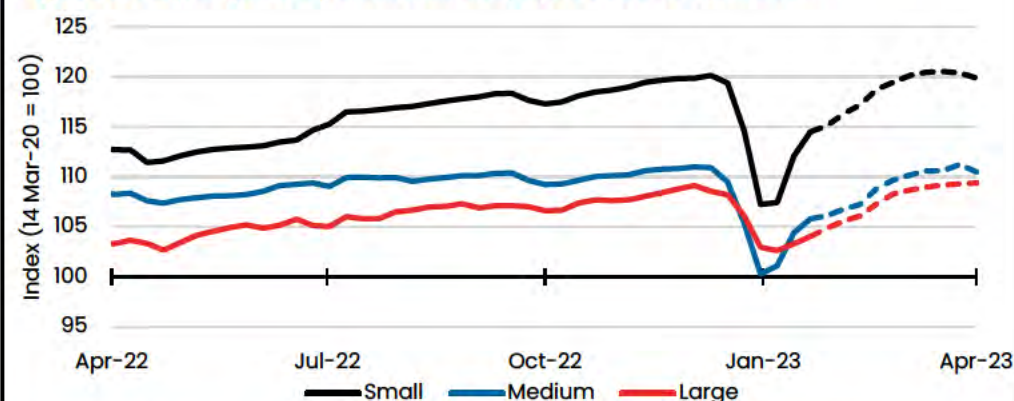
- An Indigenous business is usually considered to be any business that is 50 per cent or more Indigenous owned. There are several registries for Indigenous businesses in Australia.
- Supply Nation is Australia's largest national directory of Indigenous Businesses, with around 4300 businesses registered (all business sizes) in 2023. According to Supply Nation:
 - For every \$1 of revenue, Supply Nation businesses generate \$4.41 of social return.
 - Indigenous businesses are 100 times more likely to employ Aboriginal and Torres Strait Islanders than other businesses.
- As at May 2023, there are 3,300 active Aboriginal and Torres Strait Islander Corporations registered with the Office of the Registrar of Indigenous Corporations (ORIC) *, with 2,367 of these being small corporations. Nearly half (45 per cent) of the directors of these small corporations have the Title 'Miss', 'Mrs' or 'Ms'. The most prominent localities for these small corporations are Alice Springs (192 corporations), Broome (90 corporations) and Kununurra (44 corporations).

* ORIC is formed under the Corporations (Aboriginal and Torres Strait Islander) Act 2006, which "delivers modern corporate governance standards but still provides measures to suit the needs of Aboriginal and Torres Strait Islander peoples, e.g. requirements for the majority of directors ... to be Aboriginal and Torres Strait Islander people."

4. Decrease in payroll jobs in April ^{nsa}

- Small business payroll jobs in Australia to 15 April 2023 decreased by 3.2 per cent compared to the previous month but remain to levels similar to late 2022. Medium business jobs fell by 1.7 per cent and large business jobs fell slightly, by 0.1 per cent over the month.
- Small business payroll jobs decreased over the month in all states and territories, with the largest fall in NSW (-3.7 per cent), followed by Vic (-3.5 per cent). However, small business jobs were higher over the year in every state and territory, varying from the ACT (up 11.0 per cent) to Vic (up 3.4 per cent).

Figure 2: Payroll jobs, by business size, April 2022 to April 2023 *

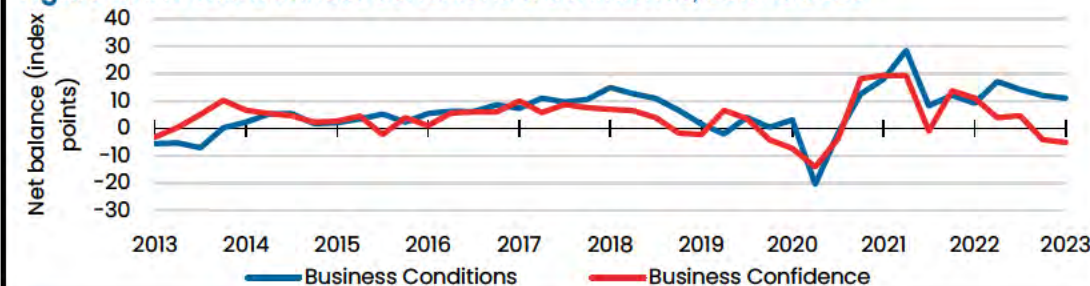


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 15 April and 13 May 2023, total payroll jobs (all businesses) increased by 0.5 per cent.

2. SME conditions remain resilient, confidence remains negative in the March quarter

- NAB Small and Medium Enterprise (SME) business conditions decreased by 1 point in the March 2023 quarter, to +11 index points. Conditions rose for mid-sized SMEs but fell for larger and smaller SMEs.
- The largest falls in SME conditions were in Transport and Storage, down by 9 points to +22 index points, and Retail, down by 9 points to +3 index points. The largest increases in SME conditions were in Property Services, up 6 points to +1 index point, and Health, up by 4 points to +23 index points.
- Business confidence fell by 1 point in the March quarter to -5 index points. This remains the lowest SME business confidence since mid 2020.
- SME business confidence remains negative in most industries. The lowest levels of confidence are in Finance and Insurance (-15 index points) and Property Services (-14 index points).

Figure 1: NAB SME business conditions & confidence, 2013 to 2023



5. Spotlight: Aboriginal and Torres Strait Islander business owners ^{nsa}

- As at the August 2021 Census, there were around 17,000 Aboriginal and Torres Strait Islanders who were small business owner-managers in their main job *. Of these:
 - Women comprised 6,100 (36 per cent), and 10,900 (64 per cent) were men,
 - Around 950 live in remote or very remote areas,
 - Around 4,700 worked 45 or more hours a week,
 - 3,600 also volunteer for an organisation or group,
 - 3,000 provide unpaid assistance to a person with a disability, health condition, or due to old age,
 - 6,100 owned/managed the business whilst having one or more long-term health conditions.
- The most prominent industries were Construction (4,500 business owners), Other Services (1,700 business owners) and Health Care and Social Assistance (1,500 business owners).
- The most prominent occupations were Technicians and Trade Workers (4,600 business owners), Managers (3,000 business owners) and Professionals (2,700 business owners).

* Census results indicate there were around 17,900 Aboriginal and Torres Strait Islander owner-managers (all business sizes). Research by the Centre for Aboriginal Economic Policy Research (CAEPR), Australian National University indicates that the true number is likely to be substantially higher, with the 2016 Census capturing around 60 per cent of the estimated true number at the time. <https://caepr.cass.anu.edu.au/research/publications/ongoing-growth-number-indigenous-australians-business>

3. The importance of good data ^{nsa}

- The 2023 National NAIDOC Week theme is **For Our Elders**. "Across multiple sectors like health, education, the arts, politics and everything in between, they have set the many courses we follow." Good data is vital to continuing this journey.
- Indigenous businesses provide significant economic, social and cultural contributions to Australia but their impact has largely gone unnoticed. One cause of this can be addressed by improving data quality.
- Research indicates there has been significant growth in number of, their incomes and associated employment, with business counts, incomes and employment all approximately doubling from 2006 to 2018.
 - This growth reflects the establishment of Supply Nation and the introduction of the Indigenous Procurement Policy (IPP) in 2015. The IPP sought to stimulate Indigenous entrepreneurship, business and economic development, providing First Nations Australians with more opportunities to participate in the economy.
- The National Indigenous Australians Agency (NIAA) has advised that over 1,200 Indigenous businesses secured more than 11,500 new Australian Government contracts during the 2021-22 financial year. As of September 2022, these were valued in total at \$1.6 billion.
 - However, beyond the headline measures, there are no further indicators of success, including the nature of the businesses, locations, business activity and cross ownership. Better data is required to assist development of Government programs and policy, that maximise the impact of those actions.
- Business development and growth is essential for building financial independence for First Nations Australians. Policy and capability development initiatives require objective evidence as a base from which to identify areas that need most assistance.
 - In 2021, the House of Representatives Standing Committee on Indigenous Affairs provided the recommendation that NIAA, in consultation with other agencies, considers developing a richer measurement of performance and outcomes for the IPP than just contract numbers and value.
- As Treasury looks at supporting actions to develop First Nations participation in the economy, in particular, supply side considerations such as access to capital and market access, and skills and education, better data is required.
- The data will include that is useful, appropriate and incorporates relevant factors of Indigenous culture.
- Treasury is undertaking work around the collection and governance of Indigenous data that will help fill the information gaps that currently exist.



Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates ^{nsa}

No. & share of businesses & workers, by size (2021–22), businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,550,151 (60.3)		
Employing			
Micro (1 to 4)	728,759 (28.4)	2,985,000* (24.1)	304* (19.5)
Other Small (5 to 19)	227,102 (8.8)	2,170,000 (17.5)	202 (12.9)
Total small (0 to 19)	2,506,012 (97.5)	5,155,000 (41.7)	506 (32.4)
Medium (20 to 199)	59,355 (2.3)	3,009,000 (24.3)	345 (22.1)
Large (more than 200)	4,533 (0.2)	4,202,000 (34.0)	711 (45.5)
Total	2,569,900	12,367,000	1,562

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees. * For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data ^{nsa}

No. & share of businesses by turnover, 2019–20

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,690,000 (99.2)
Medium (\$10m to \$50m)	24,000 (0.6)
Large (more than \$50m)	6,500 (0.2)
Total	3,720,000

Table 3: Estimates based on tax return data ^{nsa}

No. & share of small businesses by incorporation status, 2019–20

Number & share of small businesses (per cent)	
Incorporated small businesses	1,060,000 (29)
Unincorporated small businesses	2,630,000 (71)

Table 4: ATO Estimates ^{nsa}

No. & share of partnerships and individual/sole traders, 2019–20

Number & share of small businesses (per cent)	
Partnerships	280,000 (8)
Individual/Sole Traders	1,430,000 (39)

Tables 2, 3 & 4: Treasury estimates based on 2019–20 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2021–22 ^{nsa}

The number of small businesses increased by 164,172 to 2.51 million in 2021–22, driven by an increase in non-employing businesses (up 140,102). The number of employing small businesses also rose (up 24,070).

Small business counts have been increasing for several years and have increased by 298,096 since 2018–19.

Small business numbers showed the largest increase in Construction (up 33,237) in 2021–22, followed by Transport, Postal and Warehousing (up 16,522) and Professional, Scientific and Technical Services (up 16,281).

The largest percentage increases were in Administrative and Support Services (up 15.5 per cent) and Other Services (up 13.0 per cent).

While small business numbers rose in all industries, the smallest percentage increases were in Agriculture, Forestry and Fishing (up 1.4 per cent), and Wholesale Trade (up 3.0 per cent).

In 2021–22, the Local Government Areas with the largest increase in small businesses were Wyndham, Vic (up 8,229), Casey, Vic (up 6,144) and Hume, NSW (up 5,384).

Table of sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
Supply Nation, Office of the Registrar of Indigenous Corporations (via data.gov.au)	Numbers of Indigenous businesses	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	March quarter 2023	27 July 2023	Box 2 and Figure 1
Multiple research papers, Indigenous Procurement Policy	Number of registered Indigenous businesses, number of Government contracts, revenue from Government contracts	Multiple	Multiple	Box 3
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and state/territory	Week ending 15 April 2023	13 July 2023	Box 4 and Figure 2
ABS Census 2021 (TableBuilder), Centre for Aboriginal Economic Policy Research	Aboriginal and Torres Strait Islander business owners	Multiple	Multiple	Box 5

^{nsa} indicates that data are not seasonally adjusted

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 17

1. Sectoral insights: Retail trade^{nsa}

- As of June 2022, there were almost 151,000 small businesses operating in Retail trade.
- In 2021-22, retailers of all sizes employed 1.42 million people, generated \$556.8 billion in sales and \$102.1 billion of industry value-added.
- The Retail Business Survey* showed that smaller retailers' monthly turnover in June 2023 decreased by 3.6 per cent compared to June 2022. This was the fifth consecutive months that smaller retailers' turnover grew negatively year on year.
- Smaller retailers of household goods experienced the largest year on year decline in revenue (-6.4 per cent), followed by other retailing** (-6.2 per cent). Turnover for smaller food retailers increased slightly through the year though it was driven by rising prices.
- While the turnover of smaller retailers has declined, turnover for larger retailers still grew by 3.6 per cent through the year. Turnover for smaller retailers has grown at substantially lower rates than for larger retailers since September 2022. The share of smaller retailers in total turnover has declined from 29 per cent during 2010-2019 to 23 per cent in June 2023.

* The Retail Business Survey omits businesses in Motor Vehicle and Motor Vehicle Parts Retailing, Fuel Retailing, and Marine Equipment Retailing. Further, the survey includes Cafes, restaurants and takeaway food services which are not in the scope of Retail Trade as usually defined (ANZSIC06), so those services are omitted from the analysis.

** Other retailing includes newspapers, books, pharmaceuticals and several other items.

4. Small business jobs slightly decreased^{nsa}

- Small business payroll jobs in Australia to 10 June 2023 decreased by 0.4 per cent compared to the previous month. Medium business jobs decreased by 0.2 per cent while large business jobs rose by 0.6 per cent over the month.
- Small business payroll jobs declined over the month in all states and territories except SA and the NT. Over the month, the largest drop was in Tas (down 1.0 per cent), followed by Vic (down 0.6 per cent). Small business jobs were higher over the year in every state and territory, varying from the ACT (up 15.3 per cent) to Tas (up 7.6 per cent).

Figure 3: Payroll jobs, by business size, June 2022 to June 2023*

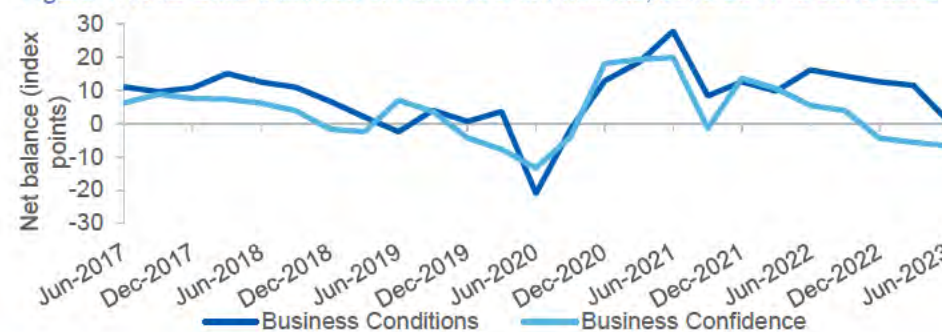


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 10 June and 15 July 2023, total payroll jobs (all businesses) decreased by 0.1 per cent.

2. SME conditions and confidence continued to fall in the June quarter

- NAB Small and Medium Enterprise (SME) business conditions decreased by 11 points in the June 2023 quarter, to +1 index points. Conditions declined for all sizes of SMEs and turned negative for the smallest SMEs.
- Conditions declined across all sectors except Finance and Insurance. The largest falls in SME conditions were in Accommodation, Cafés & Restaurants, down by 37 points to -6 index points, and Health, down by 30 points to -6 index points. Conditions in Property Services and Retail also turned negative.
- In recent quarters, SME conditions have been further below the conditions for all businesses (whole economy) than at any other time recorded. For the smallest SMEs (turnover between \$2-3 million), this effect is exacerbated.
- Business confidence fell by 1 point in the June quarter to -7 index points, marking the third consecutive quarter that SME confidence was negative.

Figure 1: NAB SME business conditions & confidence, June 2017 to June 2023



5. Spotlight: Business stress indicators^{nsa}

- CreditorWatch's national default rate prediction* for the next 12 months has increased from 4.7 per cent to 5.8 per cent. Across the sectors, Food and Beverage Services remains at the highest risk of default, due to its reliance on declining consumer discretionary spending and ongoing labour shortages.
- According to CreditorWatch, the number of business-to-business trade payment defaults were 1,586 in June 2023, surpassing the previous high in March 2019. This was an increase of 52 per cent through the year.
- The number of credit enquiries, that determines the likelihood of meeting repayments for a business, increased by 161 per cent through the year.

Figure 4: CreditWatch rolling 12-month default rate prediction

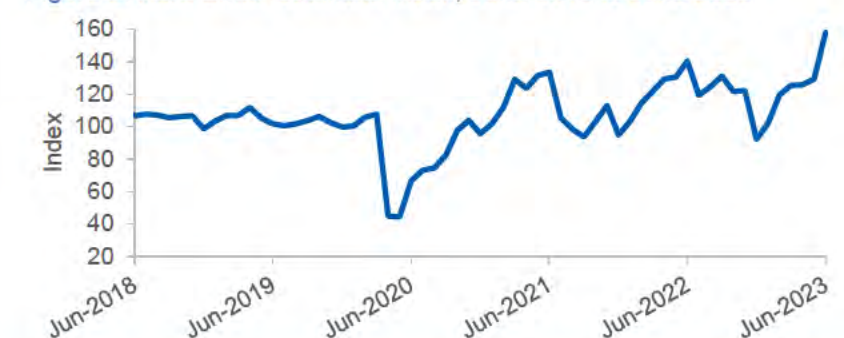


* The prediction uses data from over 1 million businesses (all sizes) registered with ASIC, and trading information from over 55,000 CreditorWatch customers.

3. Small business index improved significantly in June

- The Xero Australian Small Business Index increased by 29 points to 158 points in June 2023. The improvement in the Index was driven by the reduction in average payment times given the end of the financial year. Other components of the index, including sales, wages and jobs, grew slower than or around the long run growth average.
- In June 2023, sales growth was 6.3 per cent year on year, the lowest since February 2021. Given recent consumer price inflation outcomes, this indicates a sales volumes plateau.
- Jobs growth was 2.5 per cent year on year, higher than 1.7 per cent in May, though remained lower than the long term average growth of 3.2 per cent. Wages grew 3.1 per cent year on year, remained below the 2022 average growth of 3.6 per cent.

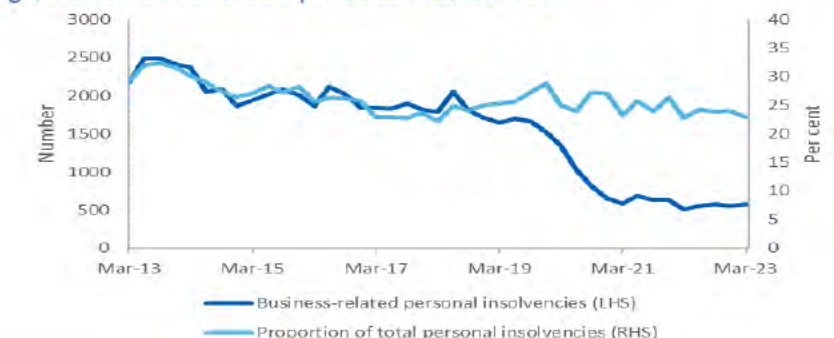
Figure 2: Xero Small Business Index, June 2018 to June 2023



6. Business-related personal insolvencies steady^{nsa}

- The number of business-related personal insolvencies slightly increased in the March quarter 2023 compared to the previous quarter, though remained around the low level of late 2020. Further, they have remained steady as a fraction of total personal insolvencies.
- In the March quarter of 2023, there were 573 business-related personal insolvencies, corresponding to 23.0 per cent of all personal insolvencies.
- More recent monthly data shows business-related personal insolvencies started to pick up in May 2023, reaching 290 cases, the highest monthly count since mid 2020, though remained below the pre-pandemic level.

Figure 5: Business-related personal insolvencies



nsa indicates that data are not seasonally adjusted

Small Business Update:

August 2023

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size (2021-22) businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,550,151 (60.3)		
Employing			
Micro (1 to 4)	728,759 (28.4)	2,985,000* (24.1)	304* (19.5)
Other Small (5 to 19)	227,102 (8.8)	2,170,000 (17.5)	202 (12.9)
Total small (0 to 19)	2,506,012 (97.5)	5,155,000 (41.7)	506 (32.4)
Medium (20 to 199)	59,355 (2.3)	3,009,000 (24.3)	345 (22.1)
Large (more than 200)	4,533 (0.2)	4,202,000 (34.0)	711 (45.5)
Total	2,569,900	12,367,000	1,562

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2020-21

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,820,000 (99.1)
Medium (\$10m to \$50m)	27,000 (0.7)
Large (more than \$50m)	7,000 (0.2)
Total	3,850,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2020-21

	Number & share of small businesses (per cent)
Incorporated small businesses	1,100,000 (29)
Unincorporated small businesses	2,720,000 (71)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2020-21

	Number & share of small businesses (per cent)
Partnerships	277,000 (7)
Individual/Sole Traders	1,500,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2020-21 income tax returns. We have categorised small businesses as entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2021-22

- The number of small businesses increased by 164,172 to 2.51 million in 2021-22, driven by an increase in non-employing businesses (up 140,102). The number of employing small businesses also rose (up 24,070).
- Based on ABS estimates, small business counts have been increasing for several years and have increased by 298,096 since 2018-19.
- Small business numbers showed the largest increase in Construction (up 33,237) in 2020-22, followed by Transport, Postal and Warehousing (up 16,522) and Professional, Scientific and Technical Services (up 16,281).
- The largest percentage increases were in Administrative and Support Services (up 15.5 per cent) and Other Services (up 13.0 per cent).
- While small business numbers rose in all industries, the smallest percentage increases were in Agriculture, Forestry and Fishing (up 1.4 per cent), and Wholesale Trade (up 3.0 per cent).
- In 2021-22, the Local Government Areas with the largest increase in small businesses were Wyndham, Vic (up 8,229), Casey, Vic (up 6,144) and Hume, NSW (up 5,384).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, Australian Industry, ABS Retail Trade	Business counts, revenue, industry value added, employment, monthly turnover	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	June quarter 2023	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia — comprised of small business jobs, sales, wages and time taken to be paid.	February - June 2023	26 October 2023	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 15 July 2023	7 September 2023	Box 4 and Figure 3
CreditorWatch Business Risk Index report	Default rate prediction, business to business trade payment defaults	June 2023	Expected August 2023	Box 5 and Figure 4
AFSA Quarterly and Monthly personal insolvency statistics	Business-related personal insolvencies	March quarter 2023	25 August 2023	Box 6 and Figure 5

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 18

1. Sectoral insights: Construction*

- There were 444,419 businesses operating in Construction in 2022-23. In 2021-22, 98.7 per cent of all Construction businesses were small.
- In 2021-22, small Construction businesses employed 801,000 people, and generated \$73.5 billion of industry value added. Small business constitutes around two thirds of Construction employment and over half of Construction industry value added.
- The Construction sector employed 1.3 million people in their main job in August 2023, the second most prominent industry division after Retail Trade.
 - Construction employment (in main job) and hours worked ^{nsa} in all jobs are now around 4 per cent higher than August 2022, and over 10 per cent higher than pre COVID-19 levels. Employment and hours worked recorded some of the highest growth ever observed in August 2022; with hours worked in all jobs up 21.9 per cent over the year.
- In the June quarter of 2023, the Construction sector generated company gross operating profits (GOP) of \$7.3 billion, and unincorporated GOP of \$2.2 billion.
 - Company GOP increased by 45.7 per cent in June quarter 2020 alone, and it has decreased since but remains around 40 per cent above pre-COVID levels. Unincorporated GOP increased by 69.4 per cent in December quarter 2022, before returning to around its prior level.

* Due to data availability issues, this sectoral insight relates to all businesses (unless otherwise indicated). Despite this, the data provides an indication of the small business environment.

4. Small business jobs relatively steady ^{nsa}

- Small business payroll jobs in Australia to 15 July 2023 increased by 0.2 per cent compared to the previous month. Medium and large business jobs decreased in the month, by 0.4 per cent and 0.5 per cent respectively.
 - However, payroll jobs in all size categories fell over the fortnight to 15 July 2023.
- The largest small business payroll jobs increases over the month were in the ACT (up 7.1 per cent) followed by SA (up 0.8 per cent). The largest decreases in small business jobs were in the NT (down 1.1 per cent) and NSW (down 0.4 per cent).
- Small business jobs were higher over the year in every state and territory.

Figure 3: Payroll jobs, by business size, July 2022 to July 2023*

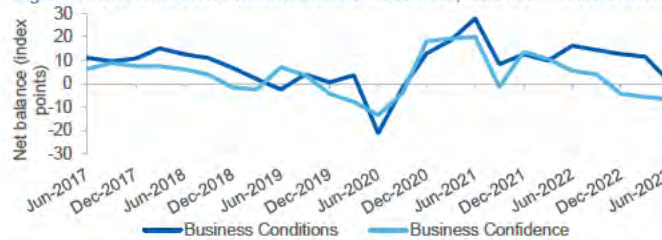


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 15 July and 12 August 2023, total payroll jobs (all businesses) decreased by 0.1 per cent.

2. SME conditions and confidence continued to fall in the June quarter

- NAB Small and Medium Enterprise (SME) business conditions decreased by 11 points in the June 2023 quarter, to +1 index points. Conditions declined for all sizes of SMEs and turned negative for the smallest SMEs.
- Conditions declined across all sectors except Finance and Insurance. The largest falls in SME conditions were in Accommodation, Cafés & Restaurants, down by 37 points to -6 index points, and Health, down by 30 points to -6 index points. Conditions in Property Services and Retail also turned negative.
- In recent quarters, SME conditions have been further below the conditions for all businesses (whole economy) than at any other time recorded. For the smallest SMEs (turnover between \$2-3 million), this effect is exacerbated.
- Business confidence fell by 1 point in the June quarter to -7 index points, marking the third consecutive quarter that SME confidence was negative.

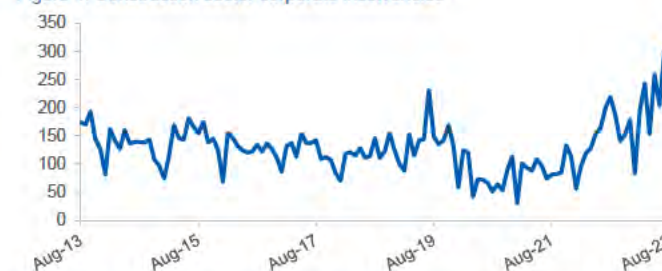
Figure 1: NAB SME business conditions & confidence, June 2017 to June 2023



5. Spotlight: Construction insolvencies* ^{nsa}

- In recent months, construction sector corporate insolvencies have been at record highs. Economy wide levels are not near historical highs.
- In August 2023, there were 307 corporate construction insolvencies (provisional) – the highest level observed, and with the trend increasing for the last several months.
 - Construction sector corporate insolvencies are now over 30 per cent higher than at any time recorded pre COVID-19.
- According to the IBISWorld, "Companies on fixed-price construction contracts are likely to endure cuts in profitability as they face rising input prices that cannot be easily pass[ed] on to clients."

Figure 4: Construction sector corporate insolvencies

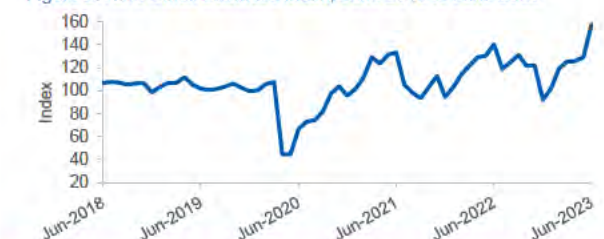


* Due to data availability issues, this spotlight relates to all businesses (unless otherwise indicated). Despite this, the data provides an indication of the small business environment.

3. Small business index improved significantly in June

- The Xero Australian Small Business Index increased by 29 points to 158 points in June 2023. The improvement in the Index was driven by the reduction in average payment times given the end of the financial year. Other components of the index, including sales, wages and jobs, grew slower than or around the long run growth average.
- In June 2023, sales growth was 6.3 per cent year on year, the lowest since February 2021. Given recent consumer price inflation outcomes, this indicates a sales volumes plateau.
- Jobs growth was 2.5 per cent year on year, higher than 1.7 per cent in May, though remained lower than the long term average growth of 3.2 per cent. Wages grew 3.1 per cent year on year, which remained below the 2022 average growth of 3.6 per cent.

Figure 2: Xero Small Business Index, June 2018 to June 2023



6. Business-related personal insolvencies increase ^{nsa}

- The number of business-related personal insolvencies increased by 27.4 per cent in the June quarter 2023, remaining at a relatively low level compared to pre-COVID. Further, business-related personal insolvencies increased as a fraction of total personal insolvencies.
- In the June quarter of 2023, there were 730 business-related personal insolvencies, corresponding to 27.0 per cent of all personal insolvencies.
- Business-related personal insolvencies increased in every state over the quarter, with the largest increases in New South Wales and Victoria.

Figure 5: Business-related personal insolvencies



nsa indicates that data are not seasonally adjusted, where relevant.

Small Business Update:

September 2023

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size, businesses (2022-23), employment (2021-22) and industry value added (IVA) (2021-22)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,585,693 (61.2)		
Employing			
Micro (1 to 4)	703,467 (27.2)	2,985,000* (24.1)	304* (19.5)
Other Small (5 to 19)	231,259 (8.9)	2,170,000 (17.5)	202 (12.9)
Total small (0 to 19)	2,520,419 (97.3)	5,155,000 (41.7)	506 (32.4)
Medium (20 to 199)	64,559 (2.5)	3,009,000 (24.3)	345 (22.1)
Large (more than 200)	4,895 (0.2)	4,202,000 (34.0)	711 (45.5)
Total	2,589,873	12,367,000	1,562

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.
* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2020-21

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,820,000 (99.1)
Medium (\$10m to \$50m)	27,000 (0.7)
Large (more than \$50m)	7,000 (0.2)
Total	3,850,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2020-21

	Number & share of small businesses (per cent)
Incorporated small businesses	1,100,000 (29)
Unincorporated small businesses	2,720,000 (71)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2020-21

	Number & share of small businesses (per cent)
Partnerships	277,000 (7)
Individual/Sole Traders	1,500,000 (39)

Tables 2, 3 & 4: Treasury estimates based on 2020-21 income tax returns. Small businesses are entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2022-23

- The number of small businesses increased by 14,407 to 2.52 million in 2022-23, driven by an increase in non-employing businesses (up 35,542). The number of employing small businesses fell (down 21,135).
- There were 89,747 employing small business births in 2022-23, and 61,317 employing small business cancellations over the period.
- There was a net movement of 35,509 surviving businesses from employing to non-employing during 2022-23 (all sizes).
- Small businesses made up around 97.3 per cent of the 2.59 million Australian businesses in 2022-23, with non-employing businesses representing the largest share, at 61.2 per cent.
- Small businesses have been increasing for several years and have increased by 312,503 since 2018-19. Micro businesses (under five employees) have also been increasing for several years, and have increased by 293,487 since 2018-19.
- There were 784,744 sole proprietorships in 2022-23, a fall of 13,465 or 1.7 per cent since 2021-22. The number of sole proprietorships has increased by 18.1 per cent since 2018-19.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, including Entries and Exits, Australian Industry, ABS Labour Force (Detailed), ABS Quarterly Business Indicators Survey	Business counts, employment, industry value added, business owner-managers, unincorporated and incorporated profits	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	June quarter 2023	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia — comprised of small business jobs, sales, wages and time taken to be paid.	February – June 2023	26 October 2023	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 15 July 2023	12 October 2023	Box 4 and Figure 3
ASIC Insolvency Statistics (extracted 19 September 2023), IBISWorld	Companies entering external administration or having a controller appointed for the first time.	August 2023 (provisional)	Weekly	Box 5 and Figure 4
AFSA Quarterly and Monthly personal insolvency statistics	Business-related personal insolvencies	June quarter 2023	27 November 2023	Box 6 and Figure 5

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 19

1. Sectoral insights: Financial and Insurance Services *

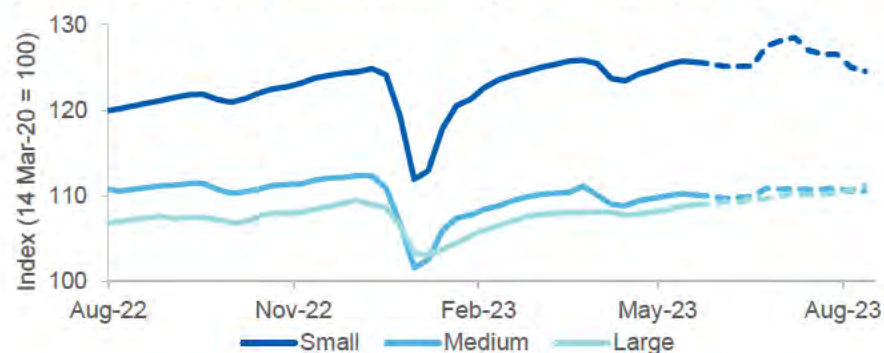
- As at the end of 2022-23, there were 123,266 businesses operating in Financial and Insurance Services, an increase of 2.7 per cent through the year – the second highest growth across industry divisions. In 2021-22, 98.8 per cent of businesses in the sector were small.
- In 2022-23, the sector generated \$178 billion of gross value added, increasing by 8.4 per cent over the previous year.
- In August 2023, there were 539,000 people employed in the sector in their main job, increasing of 2.1 per cent over the year. Employment in the sector is now 15.4 per cent higher than pre COVID-19 levels in February 2020.
 - Within this sector, employment has increased in every industry group since February 2020 ^{nsa} except Superannuation Funds (down by 8.0 per cent). Employment in Auxiliary Financial and Insurance Services has increased by 21.8 per cent over this time, while employment in Non-Depository Financing rose by 34.3 per cent.
- In August 2023, there were 11,300 job vacancies ^{nsa} in the sector, having subsided from the high of 20,200 in May 2022.
 - Job vacancies are currently 5.0 per cent lower than in February 2020. Financial and Insurance Services is the only industry division where vacancies are currently lower than pre COVID-19.

* Due to data availability issues, this sectoral insight relates to all businesses (unless otherwise indicated). Despite this, the data provides an indication of the small business environment.

4. Small business jobs down 1.9 per cent in a month ^{nsa}

- Small business payroll jobs in Australia to 12 August 2023 decreased by 1.9 per cent compared to the previous month. By contrast, large business jobs rose by 1.0 per cent over the month. The majority of these movements occurred in the more recent fortnight.
- Small business payroll jobs declined over the month in all states and territories, ranging from the largest fall in Vic (down 2.4 per cent) to the smallest in the NT (down 0.7 per cent). Small business jobs were higher over the year in every state and territory, varying from the ACT (up 15.7 per cent) to NSW (up 1.1 per cent).

Figure 3: Payroll jobs, by business size, August 2022 to August 2023*

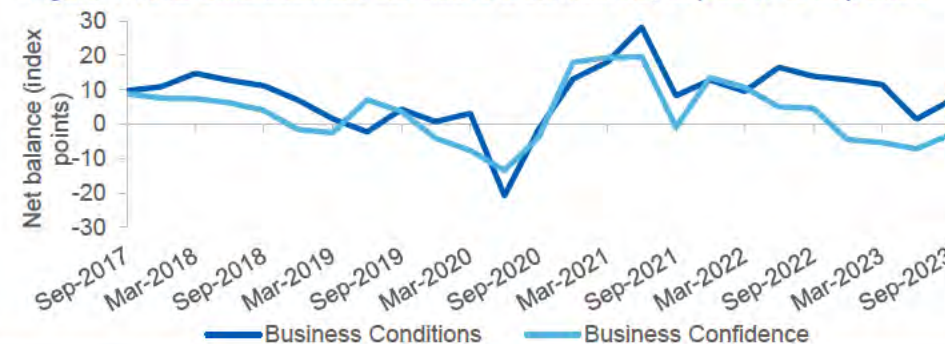


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 12 August and 16 September 2023, total payroll jobs (all businesses) increased by 0.2 per cent.

2. Conditions and confidence improved for larger SMEs in the September quarter

- NAB Small and Medium Enterprise (SME) business conditions rose by 5 points to +7 index points in the September quarter 2023. The improvement was however observed in medium and larger SMEs, while conditions for the smallest firms SMEs remained negative.
- In recent quarters, SME conditions have been further below the conditions for all businesses (whole economy) than at any other time recorded. For the smallest SMEs (turnover between \$2-3 million), this effect is exacerbated.
- Conditions improved in most sectors except for Wholesale Trade and Finance & Insurance. The largest improvements in conditions were in Health, up by 28 points to 21 index points, and Accommodation, Cafés & Restaurants, up by 16 points to 11 index points. Conditions in Property Services remained negative.
- Business confidence improved by 4 points in September to -3 index points, marking the fourth consecutive quarter that SME confidence was negative.

Figure 1: NAB SME business conditions & confidence, Sep 2017 to Sep 2023



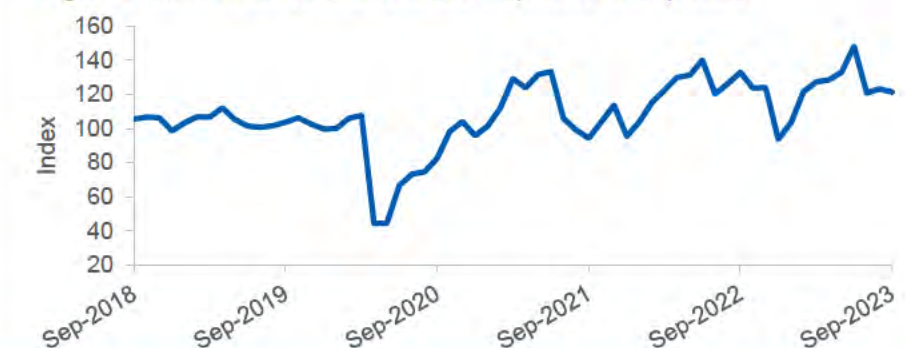
5. Spotlight: Environmental, social and governance (ESG)

- According to the PriceWaterhouseCoopers Global Family Business Survey, around 50 per cent of Australian family businesses “see an opportunity to lead on sustainability” in 2023.
 - This is a substantial increase from 36 per cent in 2021.
 - However, less than 10 per cent of the surveyed businesses invested substantial focus, energy or resources into ESG. Around 90 per cent of businesses do not have an agreed or communicated ESG strategy, while 17 per cent have people or teams responsible for ESG.
- Around 28 per cent of family businesses have taken a public stance on important social, political or environmental issues.
- Over two thirds contributed to their local community, and almost half engaged in traditional philanthropy or grant based giving. Many businesses maintain privacy around philanthropic contributions, and do not want these made public.
- Around 80 per cent of businesses believe it is essential for employees to have full confidence in the business, and around 43 per cent believe they have achieved this. Yet around two thirds do not dedicate “very much” effort to attracting and retaining staff.
- Almost half of businesses say their leadership encourages a culture of accountability. Around three quarters give staff updates on the progress of performance against goals.

3. Small business index steady in the last two months

- The Xero Australian Small Business Index declined from 148 points in June 2023 to 121 points in July due to lower payment times at the end of the financial year. The index has been relatively steady and is at 121 points in September 2023.
- Sales growth rose 5.5 per cent year on year in September, lower than the previous year where growth rates were strong given prior lockdowns. Wages growth has continued to slow, rising 1.9 per cent year on year in September, the smallest year on year growth since December 2020.
- Jobs grew 2.7 per cent year-on-year in the three months to September 2023, lower than the long-term average growth of 3.2 per cent. Payment times were 22.9 days in the three months to September, a slight improvement compared to the same period in 2022.

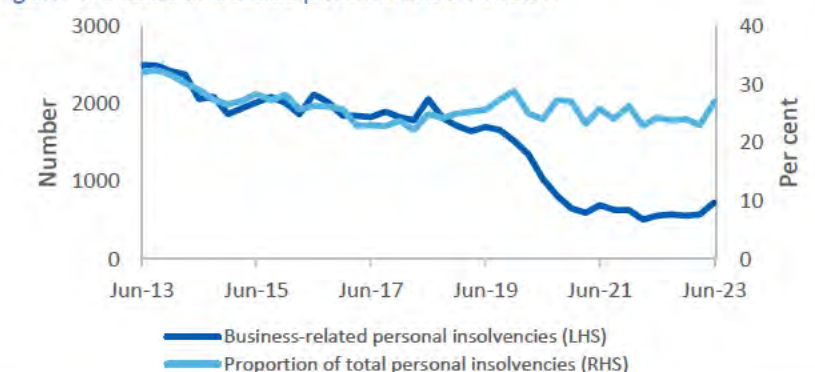
Figure 2: Xero Small Business Index, Sep 2018 to Sep 2023



6. Business-related personal insolvencies increase ^{nsa}

- The number of business-related personal insolvencies increased by 27.4 per cent in the June quarter 2023, remaining at a relatively low level compared to pre-COVID. Further, business-related personal insolvencies increased as a fraction of total personal insolvencies.
- In the June quarter of 2023, there were 730 business-related personal insolvencies, corresponding to 27.0 per cent of all personal insolvencies.
- Business-related personal insolvencies increased in every state over the quarter, with the largest increases in New South Wales and Victoria.

Figure 4: Business-related personal insolvencies



nsa indicates that data are not seasonally adjusted, where applicable

Small Business Update:

October 2023

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size, businesses (2022-23), employment (2021-22) and industry value added (IVA) (2021-22)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,585,693 (61.2)		
Employing			
Micro (1 to 4)	703,467 (27.2)	2,985,000* (24.1)	304* (19.5)
Other Small (5 to 19)	231,259 (8.9)	2,170,000 (17.5)	202 (12.9)
Total small (0 to 19)	2,520,419 (97.3)	5,155,000 (41.7)	506 (32.4)
Medium (20 to 199)	64,559 (2.5)	3,009,000 (24.3)	345 (22.1)
Large (more than 200)	4,895 (0.2)	4,202,000 (34.0)	711 (45.5)
Total	2,589,873	12,367,000	1,562

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2020-21

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,820,000 (99.1)
Medium (\$10m to \$50m)	27,000 (0.7)
Large (more than \$50m)	7,000 (0.2)
Total	3,850,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2020-21

	Number & share of small businesses (per cent)
Incorporated small businesses	1,100,000 (29)
Unincorporated small businesses	2,720,000 (71)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2020-21

	Number & share of small businesses (per cent)
Partnerships	277,000 (7)
Individual/Sole Traders	1,500,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2020-21 income tax returns. Small businesses are entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2022-23

- The number of small businesses increased by 14,407 to 2.52 million in 2022-23, driven by an increase in non-employing businesses (up 35,542). The number of employing small businesses fell (down 21,135).
- There were 89,747 employing small business births in 2022-23, and 61,317 employing small business cancellations over the period.
- There was a net movement of 35,509 surviving businesses from employing to non-employing during 2022-23 (all sizes).
- Small businesses made up around 97.3 per cent of the 2.59 million Australian businesses in 2022-23, with non-employing businesses representing the largest share, at 61.2 per cent.
- Small businesses have been increasing for several years and have increased by 312,503 since 2018-19. Micro businesses (under five employees) have also been increasing for several years, and have increased by 293,487 since 2018-19.
- There were 784,744 sole proprietorships in 2022-23, a fall of 13,465 or 1.7 per cent since 2021-22. The number of sole proprietorships has increased by 18.1 per cent since 2018-19.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, Australian Industry, ABS Labour Force (Detailed), ABS Job Vacancies Survey, ABS Australian System of National Accounts	Business counts, employment, gross value added, job vacancies	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2023	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	July – September 2023	29 February 2024	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 12 August 2023	9 November 2023	Box 4 and Figure 3
PriceWaterhouseCoopers Global Family Business Survey	Several ESG related behaviours of businesses	2023	Unknown	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	June quarter 2023	27 November 2023	Box 6 and Figure 4

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 20

1. Sectoral insights: Rental, Hiring and Real Estate Services*

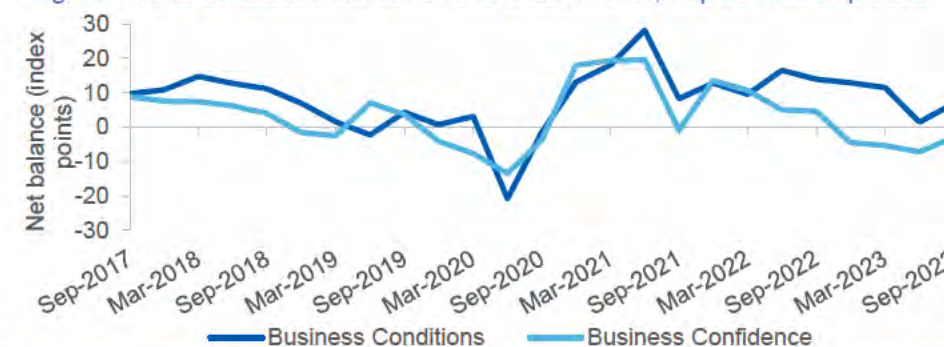
- At the end of 2022-23, there were 290,103 businesses operating in Rental, Hiring and Real Estate Services. This is the sector with the third largest number of businesses and the highest share of small businesses within the sector (99.4 per cent of businesses in 2021-22).
- In 2022-23, the sector generated \$61.6 billion of gross value added, growing modestly at 0.4 per cent through the year.
 - In real terms, the gross value added of Rental and Hiring Services grew strongly at 15.1 per cent over the year, while it declined by 2.1 per cent in Property Operators and Real Estate Services.
- In August 2023, there were 221,500 people employed in the sector in their main job, decreasing by 6.2 per cent over the year. This is the largest annual decrease in employment across all sectors.
 - Within this sector^{nsa}, employment has increased by 6.7 per cent in Rental and Hiring Services while it has declined by 8.8 per cent in Property Operators and Real Estate Services over the year.
- In August 2023, there were 5,500 job vacancies^{nsa} in the sector, declining by almost half from the high of 10,100 in August 2022 though remaining more than 70 per cent higher than the pre COVID-19 level in February 2020.

* Due to data availability issues, this sectoral insight relates to all businesses (unless otherwise indicated). Despite this, the data provides an indication of the small business environment.

2. Conditions and confidence improved for larger SMEs in the September quarter

- NAB Small and Medium Enterprise (SME) business conditions rose by 5 points to +7 index points in the September quarter 2023. The improvement was observed in medium and larger SMEs, while conditions for the smallest firms remained negative.
- In recent quarters, SME conditions have been below the conditions for all businesses (whole economy) than at any other time recorded. The effect of this is most acute in the smallest SMEs (turnover between \$2-3 million).
- Conditions improved in most sectors except for Wholesale Trade and Finance & Insurance. The largest improvements in conditions were in Health, up by 28 points to 21 index points, and Accommodation, Cafés & Restaurants, up by 16 points to 11 index points. Conditions in Property Services remained negative.
- Business confidence improved by 4 points in September to -3 index points, marking the fourth consecutive quarter that SME confidence was negative.

Figure 1: NAB SME business conditions & confidence, Sep 2017 to Sep 2023



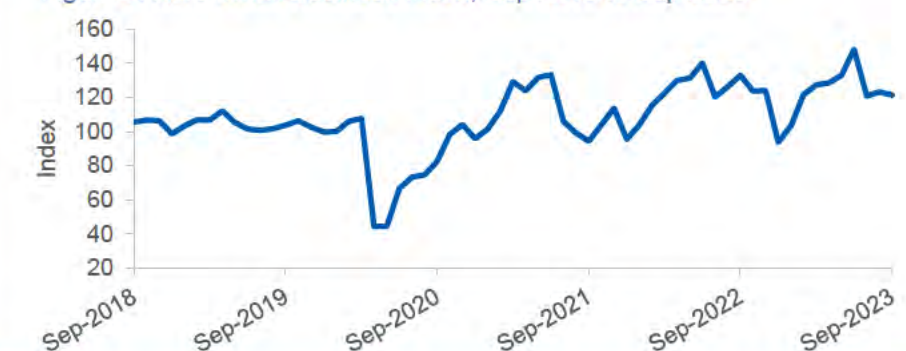
5. Spotlight: SMEs' increased preference for non-bank lending^{nsa}

- According to the Scotpac SME Growth Index in October 2023, non-bank lending has doubled in the last 18 months.
- Almost two thirds of SMEs plan to invest in their business in the next 6 months, the highest level of investment intent in the last 4 years.
- To fund new business investment, 47 per cent of surveyed SMEs would consider non-bank lenders.
- This is a 50 per cent increase since March 2022 and a record high (since 2014) in preference for non-bank lending among SMEs.
- The driving factors for SMEs' preference of non-bank lenders include better interest rates (around 80 per cent of SMEs), easier application and approval (55 per cent of SMEs), and higher credit limits (37 per cent of SMEs).
- Rising interest rates and business costs have driven more SMEs to review their lending relationships.
 - In October 2023, 22 per cent of SMEs had not reviewed their primary lending relationship for "several years"; this compared to 47 per cent in 2015.
- The trend toward having multiple lenders is increasing, with 80 per cent of SMEs now having a secondary finance provider.
 - Of the remaining SMEs that do not have a secondary finance provider, 60 per cent cited difficulties in opening a new account.

3. Small business index steady in the last two months

- The Xero Australian Small Business Index declined from 148 points in June 2023 to 121 points in July due to lower payment times at the end of the financial year. The index has been relatively steady and is at 121 points in September 2023.
- Sales growth rose 5.5 per cent year on year in September, lower than the previous year where growth rates were strong given prior lockdowns. Wages growth has continued to slow, rising 1.9 per cent year on year in September, the smallest year on year growth since December 2020.
- Jobs grew 2.7 per cent year-on-year in the three months to September 2023, lower than the long-term average growth of 3.2 per cent. Payment times were 22.9 days in the three months to September, a slight improvement compared to the same period in 2022.

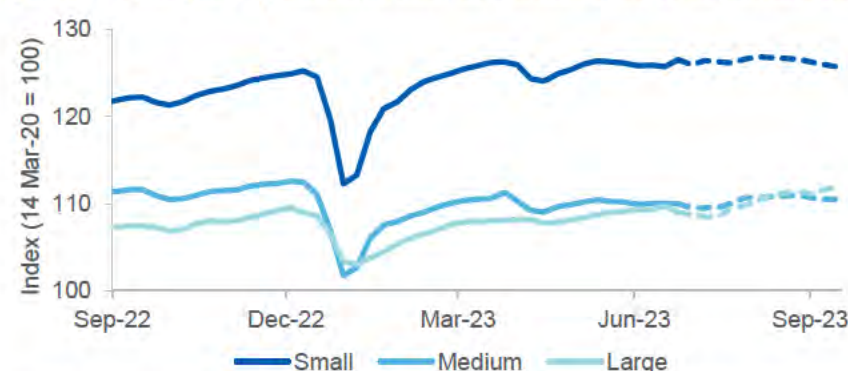
Figure 2: Xero Small Business Index, Sep 2018 to Sep 2023



4. Small business jobs down 0.8 per cent in the last month^{nsa}

- Small business payroll jobs to 16 September 2023 decreased by 0.8 per cent from the previous month. Meanwhile, large business jobs rose by 0.7 per cent over the month.
- Small business payroll jobs declined over the month in all states and territories except South Australia. The largest fall in small business payroll jobs was in Vic (down 1.2 per cent), followed by NSW (down 0.9 per cent). Small business payroll jobs in South Australia slightly increased by 0.1 per cent. Small business jobs were higher over the year in every state and territory, varying from the ACT (up 13.3 per cent) to NSW (up 0.8 per cent).

Figure 3: Payroll jobs, by business size, September 2022 to September 2023*

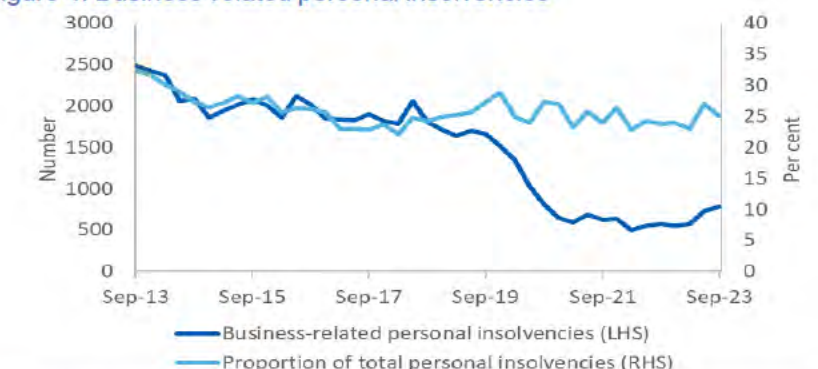


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 16 September and 14 October 2023, total payroll jobs (all businesses) increased by 0.2 per cent.

6. Business-related personal insolvencies increase^{nsa}

- The number of business-related personal insolvencies increased by 36.2 per cent year on year in the September quarter 2023 yet remained at a relatively low level compared to pre COVID-19.
- In the September quarter of 2023, there were 782 business-related personal insolvencies, corresponding to 25.2 per cent of all personal insolvencies.
- Compared to the June quarter, the number of business-related personal insolvencies increased in NSW, SA, WA, and NT, while declining in Vic, Qld, and Tas.

Figure 4: Business-related personal insolvencies



nsa indicates that data are not seasonally adjusted, where applicable

Small Business Update:

November 2023

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size, businesses (2022-23), employment (2021-22) and industry value added (IVA) (2021-22)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,585,693 (61.2)		
Employing			
Micro (1 to 4)	703,467 (27.2)	2,985,000* (24.1)	304* (19.5)
Other Small (5 to 19)	231,259 (8.9)	2,170,000 (17.5)	202 (12.9)
Total small (0 to 19)	2,520,419 (97.3)	5,155,000 (41.7)	506 (32.4)
Medium (20 to 199)	64,559 (2.5)	3,009,000 (24.3)	345 (22.1)
Large (more than 200)	4,895 (0.2)	4,202,000 (34.0)	711 (45.5)
Total	2,589,873	12,367,000	1,562

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.
* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2020-21

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,820,000 (99.1)
Medium (\$10m to \$50m)	27,000 (0.7)
Large (more than \$50m)	7,000 (0.2)
Total	3,850,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2020-21

	Number & share of small businesses (per cent)
Incorporated small businesses	1,100,000 (29)
Unincorporated small businesses	2,720,000 (71)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2020-21

	Number & share of small businesses (per cent)
Partnerships	277,000 (7)
Individual/Sole Traders	1,500,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2020-21 income tax returns. Small businesses are entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2022-23

- The number of small businesses increased by 14,407 to 2.52 million in 2022-23, driven by an increase in non-employing businesses (up 35,542). The number of employing small businesses fell (down 21,135).
- There were 89,747 employing small business births in 2022-23, and 61,317 employing small business cancellations over the period.
- There was a net movement of 35,509 surviving businesses from employing to non-employing during 2022-23 (all sizes).
- Small businesses made up around 97.3 per cent of the 2.59 million Australian businesses in 2022-23, with non-employing businesses representing the largest share, at 61.2 per cent.
- Small businesses have been increasing for several years and have increased by 312,503 since 2018-19. Micro businesses (under five employees) have also been increasing for several years, and have increased by 293,487 since 2018-19.
- There were 784,744 sole proprietorships in 2022-23, a fall of 13,465 or 1.7 per cent since 2021-22. The number of sole proprietorships has increased by 18.1 per cent since 2018-19.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Labour Force (Detailed), ABS Job Vacancies Survey, ABS Australian System of National Accounts	Business counts, employment, gross value added, job vacancies	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2023	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	July – September 2023	29 February 2024	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 16 September 2023	7 December 2023	Box 4 and Figure 3
Scotpac SME Growth Index	SMEs financial and non-bank lending indicators	October 2023	March 2024	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	September quarter 2023	27 February 2024	Box 6 and Figure 4

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2022-23*

	Non- employing	1-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total **
NSW	509,485	264,152	75,438	849,075	20,084	1,757	870,916
Vic	461,334	181,096	58,631	701,061	16,852	1,320	719,233
Qld	299,843	135,390	47,603	482,836	13,321	845	497,002
SA	103,720	36,407	15,094	155,221	4,061	271	159,553
WA	154,847	60,196	23,864	238,907	7,212	542	246,661
Tas	25,868	11,097	5,045	42,010	1,323	82	43,415
NT	9,368	4,046	2,017	15,431	653	23	16,107
ACT	19,524	10,911	3,557	33,992	1,052	54	35,098
Other/ unknown	1,704	172	10	1,886	0	0	1,888
Australia **	1,585,693	703,467	231,259	2,520,419	64,559	4,895	2,589,873

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

Table 2: Employment ('000) by state/territory and size, 2021-22

	0-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total
NSW	1,006	710	1,716	980	1,317	4,013
Vic	798	559	1,357	815	1,064	3,237
Qld	590	436	1,026	567	831	2,424
SA	176	134	310	184	282	777
WA	294	227	521	330	519	1,371
Tas	56	46	102	51	78	232
NT	20	20	40	28	39	107
ACT	45	37	82	53	71	206
Australia	2,985	2,170	5,155	3,009	4,202	12,367

Table 3: Small business estimates* by state/territory based on tax return data, 2020-21

NSW	1,199,000
Vic	1,058,000
Qld	758,000
SA	274,000
WA	387,000
Tas	70,000
NT	21,000
ACT	53,000
Australia	3,820,000

* There are data reliability issues with these state breakdowns – for example, where a business operates across state borders. This breakdown is provided for indicative purposes only. Income tax return data is not suitable to provide a reliable breakdown of businesses with aggregated turnover greater than \$10 million by state.

Small Business Update:

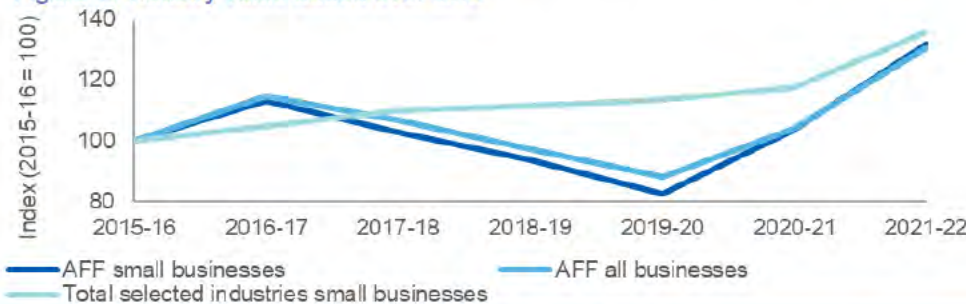
A spotlight on Australia's small business landscape

FOI 4420
Document 22

1. Sectoral insights: Agriculture, Forestry and Fishing

- As at 2022-23, there were around 172,300 small businesses operating in Agriculture, Forestry and Fishing (AFF). In 2021-22, small businesses accounted for 78.9 per cent of private sector employment and 78.3 per cent of industry value added (output) in the sector, the largest shares for any industry division.
 - Small business industry value added in the sector grew by 27.1 per cent in 2021-22, and has risen strongly in recent years after previous falls. According to the ABS, results in the sector were driven by weather conditions, increased prices and export volumes.
- Various measures of productivity (all business sizes), including multifactor and labour productivity (both hours worked and quality adjusted) and capital productivity have also grown considerably in AFF in recent years.

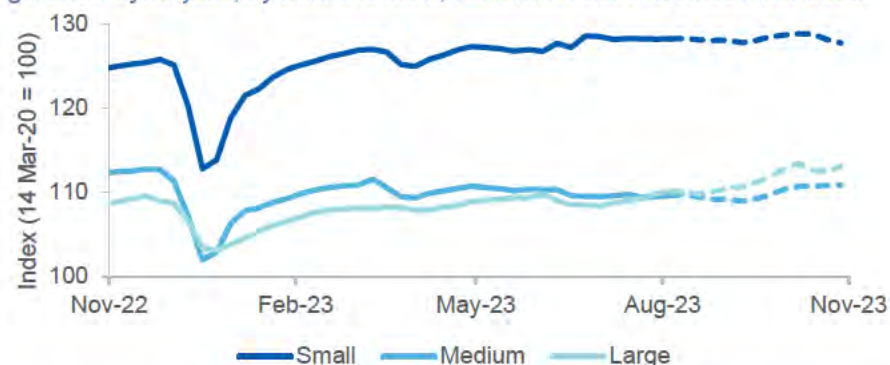
Figure 1: Industry value added over time



4. Small business jobs down 0.7 per cent in the last month^{nsa}

- Small business payroll jobs to 11 November 2023 decreased by 0.7 per cent from the previous month. Meanwhile, large business jobs rose by 0.3 per cent over the month.
- Small business payroll jobs declined over the month in all states and territories except Tasmania (up 0.6 per cent). The largest fall in small business payroll jobs was in NSW (down 1.0 per cent), followed by the ACT (down 0.9 per cent) and Vic (down 0.9 per cent). Small business jobs were higher over the year in every state and territory, varying from the ACT (up 9.8 per cent) to NSW (up 0.6 per cent).

Figure 4: Payroll jobs, by business size, November 2022 to November 2023*

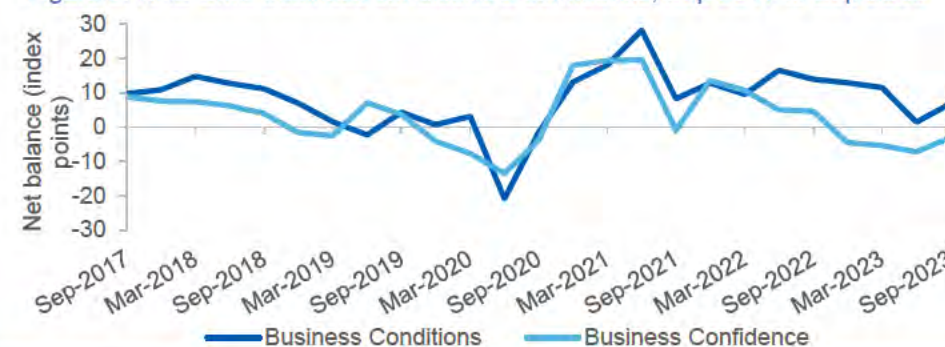


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 11 November and 9 December 2023, total payroll jobs (all businesses) increased by 0.5 per cent.

2. Conditions and confidence improved for larger SMEs in the September quarter

- NAB Small and Medium Enterprise (SME) business conditions rose by 5 points to +7 index points in the September quarter 2023. The improvement was observed in medium and larger SMEs, while conditions for the smallest firms remained negative.
- In recent quarters, SME conditions have been below the conditions for all businesses (whole economy) than at any other time recorded. The effect of this is most acute in the smallest SMEs (turnover between \$2-3 million).
- Conditions improved in most sectors except for Wholesale Trade and Finance & Insurance. The largest improvements in conditions were in Health, up by 28 points to 21 index points, and Accommodation, Cafés & Restaurants, up by 16 points to 11 index points. Conditions in Property Services remained negative.
- Business confidence improved by 4 points in September to -3 index points, marking the fourth consecutive quarter that SME confidence was negative.

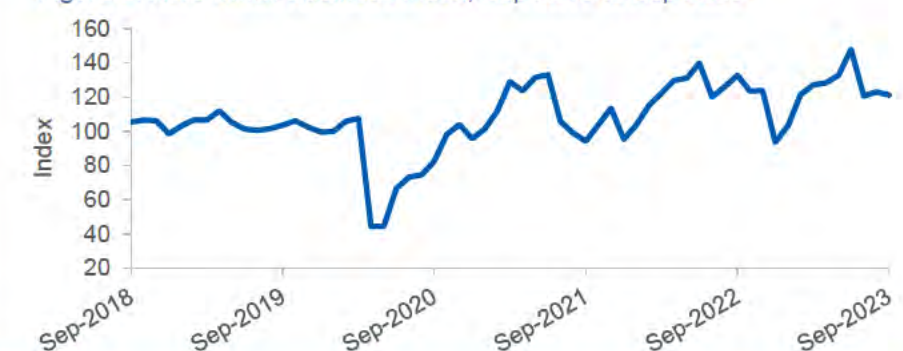
Figure 2: NAB SME business conditions & confidence, Sep 2017 to Sep 2023



3. Small business index steady in the last two months

- The Xero Australian Small Business Index declined from 148 points in June 2023 to 121 points in July due to lower payment times at the end of the financial year. The index has been relatively steady and is at 121 points in September 2023.
- Sales growth rose 5.5 per cent year on year in September, lower than the previous year where growth rates were strong given prior lockdowns. Wages growth has continued to slow, rising 1.9 per cent year on year in September, the smallest year on year growth since December 2020.
- Jobs grew 2.7 per cent year-on-year in the three months to September 2023, lower than the long-term average growth of 3.2 per cent. Payment times were 22.9 days in the three months to September, a slight improvement compared to the same period in 2022.

Figure 3: Xero Small Business Index, Sep 2018 to Sep 2023



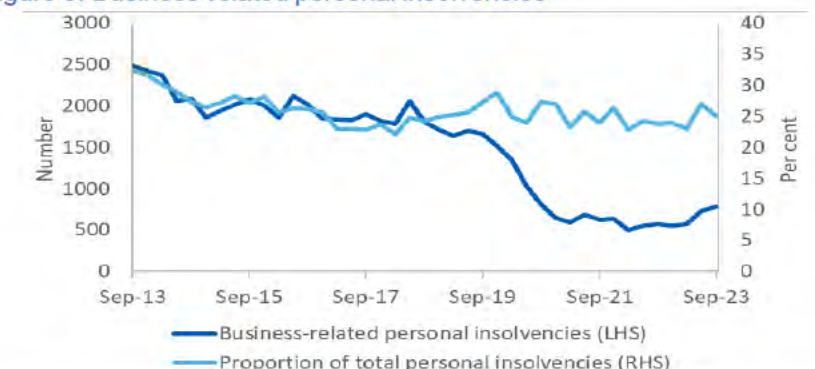
5. Spotlight: Small business insurance

- According to the Allianz Risk Barometer 2024, the leading business insurance risk for Australia is cyber incidents (ranked 4th in 2023). The impact of natural catastrophes was the top ranked in 2023, and is ranked 2nd in 2024. Workforce skills shortages are ranked 3rd in 2024.
- The Vero SME Insurance Index for 2023 shows that many SMEs believe they are covered for all natural disaster events, when in fact standard business insurance may not provide cover for all such events. Of those not completely covered, 38 per cent said the cover is too expensive, while 11 per cent could not find an insurer who would supply coverage.
- In 2022-23, the average small business insurance premium was \$1,930 outside of Northern Australia. Premiums in Northern Australia were substantially higher, at \$3,095 for North Queensland, \$3,670 for the Northern Territory and \$6,287 for North Western Australia.
 - Premiums increases, premiums per sum insured, policy excesses and reinsurance costs in Northern Australia were all substantially higher compared to the previous year.
- A recent Business NSW survey also demonstrates how businesses experience underinsurance, and difficulties obtaining adequate cover.
 - In NSW, undercoverage in public liability is particularly prevalent in tourism and hospitality, while undercoverage in professional indemnity is highly prominent in Construction and Professional Services.

6. Business-related personal insolvencies increase^{nsa}

- The number of business-related personal insolvencies increased by 36.2 per cent year on year in the September quarter 2023 yet remained at a relatively low level compared to pre COVID-19.
- In the September quarter of 2023, there were 782 business-related personal insolvencies, corresponding to 25.2 per cent of all personal insolvencies.
- Compared to the June quarter, the number of business-related personal insolvencies increased in NSW, SA, WA, and NT, while declining in Vic, Qld, and Tas.

Figure 5: Business-related personal insolvencies



nsa indicates that data are not seasonally adjusted, where applicable

Small Business Update:

January 2024

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size, businesses (2022-23), employment (2021-22) and industry value added (IVA) (2021-22)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,585,693 (61.2)		
Employing			
Micro (1 to 4)	703,467 (27.2)	2,985,000* (24.1)	304* (19.5)
Other Small (5 to 19)	231,259 (8.9)	2,170,000 (17.5)	202 (12.9)
Total small (0 to 19)	2,520,419 (97.3)	5,155,000 (41.7)	506 (32.4)
Medium (20 to 199)	64,559 (2.5)	3,009,000 (24.3)	345 (22.1)
Large (more than 200)	4,895 (0.2)	4,202,000 (34.0)	711 (45.5)
Total	2,589,873	12,367,000	1,562

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.
* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2020-21

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,820,000 (99.1)
Medium (\$10m to \$50m)	27,000 (0.7)
Large (more than \$50m)	7,000 (0.2)
Total	3,854,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2020-21

	Number & share of small businesses (per cent)
Incorporated small businesses	1,100,000 (29)
Unincorporated small businesses	2,720,000 (71)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2020-21

	Number & share of small businesses (per cent)
Partnerships	277,000 (7)
Individual/Sole Traders	1,500,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2020-21 income tax returns. Small businesses are entities with annual turnover of less than \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2022-23

- The number of small businesses increased by 14,407 to 2.52 million in 2022-23, driven by an increase in non-employing businesses (up 35,542). The number of employing small businesses fell (down 21,135).
- There were 89,747 employing small business births in 2022-23, and 61,317 employing small business cancellations over the period.
- Small business numbers showed the largest increase in Health Care and Social Assistance (up 9,887) in 2022-23, followed by Transport, Postal and Warehousing (up 4,942) and Professional, Scientific and Technical Services (up 4,071).
 - The largest percentage increase was also in Health Care and Social Assistance (up 5.9 per cent), followed by Financial and Insurance Services (up 2.6 per cent).
- The largest percentage decreases were in Accommodation and Food Services (down 2.0 per cent), and Administrative and Support Services (down 1.9 per cent).
- In 2022-23, the Local Government Areas with the largest increase in small businesses were Brisbane, Qld (up 2,104), Gold Coast, Qld (up 1,511) and Sydney, NSW (up 1,198). The largest fall was in Brimbank, Vic (down 1,340).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Australian Industry, ABS Estimates of Industry Multifactor Productivity	Business counts, employment, industry value added, measures of productivity	Multiple	Multiple	Box 1 and Figure 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	Business conditions and confidence in SMEs — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2023	Multiple	Box 2 and Figure 2
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	July – September 2023	29 February 2024	Box 3 and Figure 3
ABS Weekly Payroll Jobs and Wages in Australia, Table 7	Payroll jobs by business size and state/territory	Week ending 11 November 2023	14 March 2024	Box 4 and Figure 4
Allianz Risk Barometer, Vero SME Insurance Index, ACCC Insurance Monitoring report, Business NSW Insurance at the Speed of Business report	Insurance costs and risk factors	Multiple	Multiple	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	September quarter 2023	27 February 2024	Box 6 and Figure 5

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2022-23*

	Non- employing	1-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total **
NSW	509,485	264,152	75,438	849,075	20,084	1,757	870,916
Vic	461,334	181,096	58,631	701,061	16,852	1,320	719,233
Qld	299,843	135,390	47,603	482,836	13,321	845	497,002
SA	103,720	36,407	15,094	155,221	4,061	271	159,553
WA	154,847	60,196	23,864	238,907	7,212	542	246,661
Tas	25,868	11,097	5,045	42,010	1,323	82	43,415
NT	9,368	4,046	2,017	15,431	653	23	16,107
ACT	19,524	10,911	3,557	33,992	1,052	54	35,098
Other/ unknown	1,704	172	10	1,886	0	0	1,888
Australia **	1,585,693	703,467	231,259	2,520,419	64,559	4,895	2,589,873

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

Table 2: Employment ('000) by state/territory and size, 2021-22

	0-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total
NSW	1,006	710	1,716	980	1,317	4,013
Vic	798	559	1,357	815	1,064	3,237
Qld	590	436	1,026	567	831	2,424
SA	176	134	310	184	282	777
WA	294	227	521	330	519	1,371
Tas	56	46	102	51	78	232
NT	20	20	40	28	39	107
ACT	45	37	82	53	71	206
Australia	2,985	2,170	5,155	3,009	4,202	12,367

Table 3: Small business estimates* by state/territory based on tax return data, 2021-22

NSW	1,251,000
Vic	1,106,000
Qld	791,000
SA	286,000
WA	405,000
Tas	72,000
NT	22,000
ACT	56,000
Australia	3,989,000

* There are data reliability issues with these state breakdowns – for example, where a business operates across state borders. This breakdown is provided for indicative purposes only. Income tax return data is not suitable to provide a reliable breakdown of businesses with aggregated turnover greater than \$10 million by state.

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 24

1. Sectoral insights: Wholesale Trade *

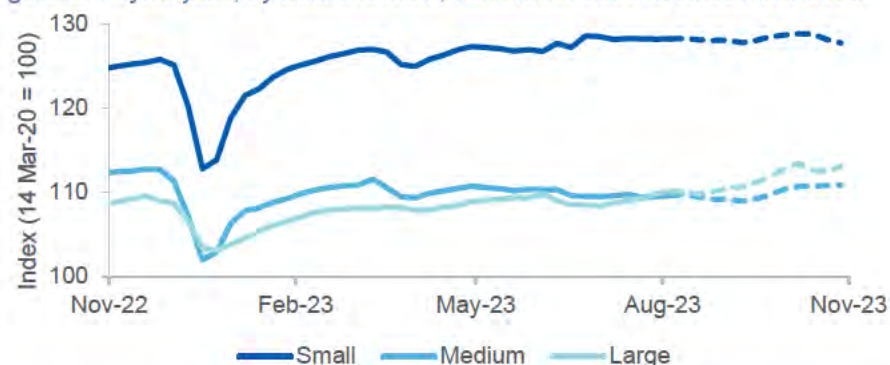
- As at 2022-23, there were 77,986 small businesses in Wholesale Trade. In 2021-22, small businesses accounted for 33.6 per cent of private sector employment and 26.1 per cent of industry value added (output) in the sector.
- In November 2023, there were 387,100 people employed in the sector in their main job, increasing by 9.9 per cent over the year. This is the second largest annual increase in employment across all sectors.
 - Within this sector ^{nsa}, employment increased by 21,100 per cent in Machinery and Equipment Wholesaling, 10,100 in Timber and Hardware Goods Wholesaling and 6,700 in Mineral, Metal and Chemical Wholesaling over the year.
- In the September quarter of 2023, Wholesale Trade generated business gross operating profits (GOP) of \$10.9 billion. GOP increased substantially in the last three calendar years; by 28.1 per cent in 2020, 9.3 per cent in 2021 and 17.4 per cent in 2022. Wholesale Trade GOP is now 63.8 per cent above pre COVID-19 level of the December quarter of 2019.
- In November 2023, there were 14,000 job vacancies ^{nsa} in the sector, declining by 15.7 per cent from a year prior, though remaining 18.6 per cent higher than the pre COVID-19 level in November 2019.

* Due to data availability issues, this sectoral insight relates to all businesses (unless indicated otherwise). Despite this, the data provides an indication of the small business environment.

4. Small business jobs down 0.7 per cent in the last month ^{nsa}

- Small business payroll jobs to 11 November 2023 decreased by 0.7 per cent from the previous month. Meanwhile, large business jobs rose by 0.3 per cent over the month.
- Small business payroll jobs declined over the month in all States and Territories except Tasmania (up 0.6 per cent). The largest fall in small business payroll jobs was in NSW (down 1.0 per cent), followed by the ACT (down 0.9 per cent) and Vic (down 0.9 per cent). Small business jobs were higher over the year in every state and territory, varying from the ACT (up 9.8 per cent) to NSW (up 0.6 per cent).

Figure 3: Payroll jobs, by business size, November 2022 to November 2023*

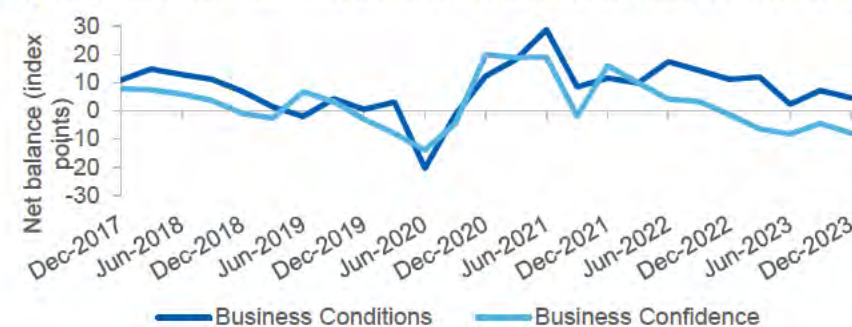


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 11 November and 9 December 2023, total payroll jobs (all businesses) increased by 0.5 per cent.

2. Conditions and confidence declined for larger SMEs in the December quarter

- NAB Small and Medium Enterprise (SME) business conditions fell by 3 points to +5 index points in the December quarter of 2023. The decline was observed in larger SMEs, while conditions for the smallest firms improved slightly.
- In recent quarters, SME conditions have been below the conditions for all businesses (whole economy) than at any other time recorded. The effect of this is most acute in the smallest SMEs (turnover between \$2-3 million).
- Conditions declined in all sectors except Construction, Business Services, and Property Services. The largest declines were in Manufacturing, down by 15 points to -8 index points, and Finance & Insurance, down by 10 points to 8 index points. In the quarter, conditions were also negative in Retail, Wholesale and Property Services, while remaining strongest in Transport & Storage.
- Business confidence declined by 3 points in December to -8 index points, marking the fifth consecutive quarter that SME confidence was negative.

Figure 1: NAB SME business conditions & confidence, Dec 2017 to Dec 2023



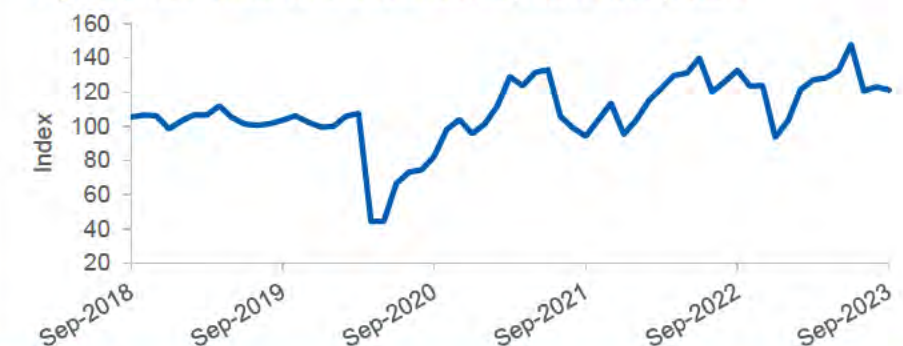
5. Spotlight: International merchandise trade in recent years

- Although small businesses account for around a third of private sector industry value added in recent years, small exporters and importers account for a much lower fraction of international merchandise trade. While most merchandise exporters and importers are small, the value of their trade is lower.
- Between 2013-14 and 2019-20, small exporters accounted for 0.9 per cent of merchandise exports, while between 2017-18 and 2020-21, small importers accounted for 2.4 per cent of merchandise imports.
 - The mining sector does not alone account for the relatively low value of trade attributed to small exporters and importers. Excluding mining, over these respective times periods, small exporters and importers accounted for 2.0 per cent and 2.5 per cent respectively.
- In 2019-20, Wholesale Trade accounted for 32.1 per cent of small exporter merchandise exports, and in 2020-21 accounted for 39.1 per cent of small importer merchandise imports – the largest across industry divisions.
- In 2021-22, 11.4 per cent of micro businesses exported (includes services), while 1.3 per cent increased their exports over the previous year; the corresponding numbers for other small businesses were 11.9 per cent and 2.5 per cent. This compares with 21.9 per cent, and 9.4 per cent for large business.
- According to Austrade, exporters are more productive, more innovative and pay higher wages. Exporters are also more resilient, with a higher likelihood of firm survival and greater resilience to economic shocks.

3. Small business index steady in the last two months

- The Xero Australian Small Business Index declined from 148 points in June 2023 to 121 points in July due to lower payment times at the end of the financial year. The index has been relatively steady and is at 121 points in September 2023.
- Sales growth rose 5.5 per cent year on year in September, lower than the previous year where growth rates were strong given prior lockdowns. Wages growth has continued to slow, rising 1.9 per cent year on year in September, the smallest year on year growth since December 2020.
- Jobs grew 2.7 per cent year-on-year in the three months to September 2023, lower than the long-term average growth of 3.2 per cent. Payment times were 22.9 days in the three months to September, a slight improvement compared to the same period in 2022.

Figure 2: Xero Small Business Index, Sep 2018 to Sep 2023



6. Business-related personal insolvencies increase ^{nsa}

- The number of business-related personal insolvencies increased by 27.8 per cent year on year in the December quarter 2023 yet remained at a relatively low level compared to pre COVID-19.
- In the December quarter of 2023, there were 713 business-related personal insolvencies, corresponding to 27.3 per cent of all personal insolvencies.
- Compared to the September quarter, the number of business-related personal insolvencies increased in Qld, Tas and WA, while declining in NSW, Vic, SA, NT and ACT

Figure 4: Business-related personal insolvencies



nsa indicates that data are not seasonally adjusted, where applicable

Small Business Update:

February 2024

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates
No. & share of businesses & workers, by size, businesses (2022-23), employment (2021-22) and industry value added (IVA) (2021-22)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,585,693 (61.2)		
Employing			
Micro (1 to 4)	703,467 (27.2)	2,985,000* (24.1)	304* (19.5)
Other Small (5 to 19)	231,259 (8.9)	2,170,000 (17.5)	202 (12.9)
Total small (0 to 19)	2,520,419 (97.3)	5,155,000 (41.7)	506 (32.4)
Medium (20 to 199)	64,559 (2.5)	3,009,000 (24.3)	345 (22.1)
Large (more than 200)	4,895 (0.2)	4,202,000 (34.0)	711 (45.5)
Total	2,589,873	12,367,000	1,562

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.
* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data
No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data
No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data
No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2022-23

- The number of small businesses increased by 14,407 to 2.52 million in 2022-23, driven by an increase in non-employing businesses (up 35,542). The number of employing small businesses fell (down 21,135).
- There were 89,747 employing small business births in 2022-23, and 61,317 employing small business cancellations over the period.
- Small business numbers showed the largest increase in Health Care and Social Assistance (up 9,887) in 2022-23, followed by Transport, Postal and Warehousing (up 4,942) and Professional, Scientific and Technical Services (up 4,071).
 - The largest percentage increase was also in Health Care and Social Assistance (up 5.9 per cent), followed by Financial and Insurance Services (up 2.6 per cent).
- The largest percentage decreases were in Accommodation and Food Services (down 2.0 per cent), and Administrative and Support Services (down 1.9 per cent).
- In 2022-23, the Local Government Areas with the largest increase in small businesses were Brisbane, Qld (up 2,104), Gold Coast, Qld (up 1,511) and Sydney, NSW (up 1,198). The largest fall was in Brimbank, Vic (down 1,340).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Australian Industry, ABS Labour Force (Detailed), ABS Job Vacancies Survey, ABS Quarterly Business Indicators Survey	Business counts, employment, industry value added, company gross operating profit, job vacancies	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	December quarter 2023	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	September 2023	Expected March 2024	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 11 November 2023	14 March 2024	Box 4 and Figure 3
ABS Characteristics of Australian Exporters, ABS Characteristics of Australian Importers, ABS Characteristics of Australian Businesses, Austrade Australian State of Exporters Report 2022	Value of merchandise trade	Multiple	Multiple	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	December quarter 2023	Expected May 2024	Box 6 and Figure 4

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 25

1. Sectoral insights: Accommodation and Food Services*

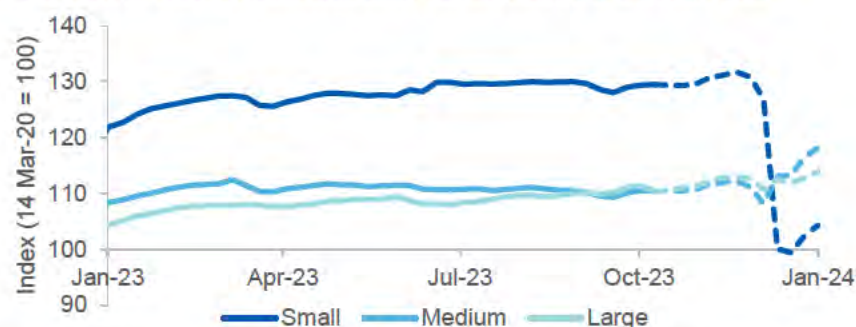
- As at 2022-23, there were 100,256 small businesses in Accommodation and Food Services, down by 2.0 per cent compared to 2021-22. This is the largest percent decline in the number of small businesses across sectors.
- In November 2023, there were 893,400 people employed in the sector in their main job, decreasing by 6.8 per cent over the year. In this sector^{nsa}, employment decreased by 11,700 people in Accommodation, and 54,500 in Food & Beverage Services over the year.
- In December quarter 2023, Accommodation and Food Services generated business gross operating profits (GOP) of \$2.9 billion, down 11.1 per cent over the year. The GOP of the sector is now 16.8 per cent above the pre COVID-19 level of the December quarter of 2019.
 - Unincorporated businesses accounted for 47.7 per cent of the sector's GOP in 2023, significantly increased over the last three years.
- In the December quarter of 2023, there were 432 corporate insolvencies^{nsa} in Accommodation and Food Services, up 27.4 per cent compared to the September quarter and an increase of 91.2 per cent compared to the same period in 2022. This is 60 per cent higher than the pre COVID-19 level in the December quarter of 2019. Every month for over a year, the sector has ranked second (after Construction) in the number of corporate insolvencies.

* Due to data availability issues, this sectoral insight relates to all businesses (unless indicated otherwise). Despite this, the data provides an indication of the small business environment.

4. Small business jobs decreased sharply in the last month^{nsa}

- Small business payroll jobs to 20 January 2024 decreased by 17.8 per cent from the previous month, and were down by 14.4 per cent over the year. This was the largest decline since the beginning of the series in January 2020. By contrast, medium business jobs rose by 9.3 per cent and large business jobs rose by 2.9 per cent over the month.
- Small business payroll jobs declined over the month in all states and territories. The largest fall in small business payroll jobs was in the ACT (down 21.4 per cent), followed by Vic (down 19.6 per cent). Small business jobs were lower over the year in every state and territory, varying from Vic (down 15.3 per cent) to Tas (down 11.4 per cent).

Figure 3: Payroll jobs, by business size, January 2023 to January 2024*

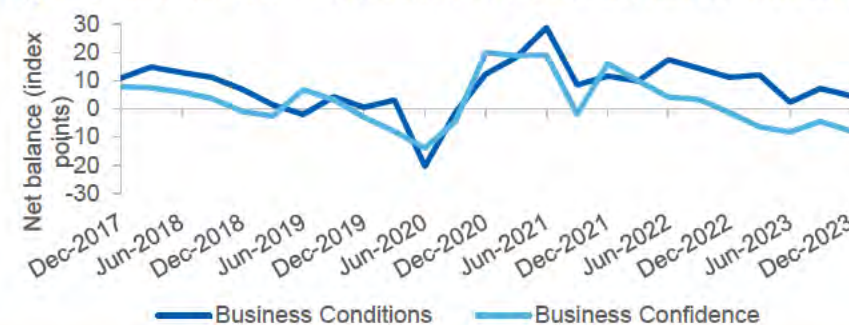


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 20 January 2024 and 17 February 2024, total payroll jobs (all businesses) increased by 2.0 per cent.

2. Conditions and confidence declined for larger SMEs in the December quarter

- NAB Small and Medium Enterprise (SME) business conditions fell by 3 points to +5 index points in the December quarter of 2023. The decline was observed in larger SMEs, while conditions for the smallest firms improved slightly.
- In recent quarters, SME conditions have been below the conditions for all businesses (whole economy) than at any other time recorded. The effect of this is most acute in the smallest SMEs (turnover between \$2-3 million).
- Conditions declined in all sectors except Construction, Business Services, and Property Services. The largest declines were in Manufacturing, down by 15 points to -8 index points, and Finance & Insurance, down by 10 points to 8 index points. In the quarter, conditions were also negative in Retail, Wholesale and Property Services, while remaining strongest in Transport & Storage.
- Business confidence declined by 3 points in December to -8 index points, marking the fifth consecutive quarter that SME confidence was negative.

Figure 1: NAB SME business conditions & confidence, Dec 2017 to Dec 2023



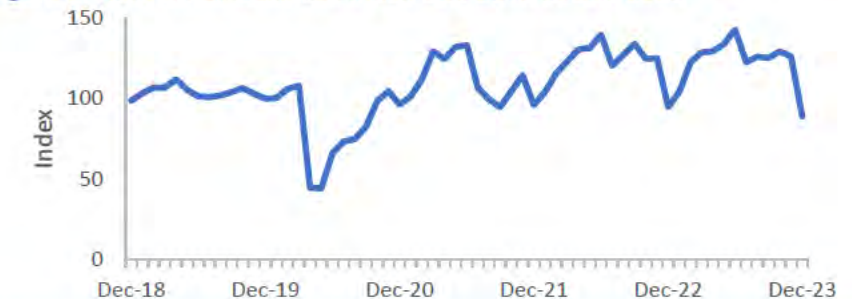
5. Spotlight: Cost pressures increased for small businesses

- According to the MYOB Business Monitor, in late 2023, 58 per cent of SMEs say the cost of doing business is more an issue than it was a year ago.
 - However, the most prominent pressures, whilst continuing to cause significant impact to SMEs, are doing so to a lesser degree than in 2021 and 2022. These pressures are the price of fuel, the cost of utilities, and rising interest rates.
- In response to the rising costs of living and doing business, 28 per cent of SMEs made less or no profit, 21 per cent of business owners either reduced or did not take an income, 10 per cent of business owners have had to withdraw money from the business for personal expenses, and for 10 per cent of SMEs, the owner or staff haven't been paid.
- The report also reveals 34 per cent of SMEs reported lower revenue compared to a year ago, with 38 per cent citing challenging economic conditions as the core reason.
- Despite the challenging climate, newer businesses that have been in operation for less than two years show more optimistic results.
 - Newer businesses are more likely to be optimistic about the economy, more likely to have reported a higher revenue in the last 12 months, and more likely to expect a higher revenue in the next 12 months, compared to established businesses.

3. Small business index declined over the quarter

- The Xero Australian Small Business Index averaged 115 points in December quarter 2023, down 10 points from the September quarter.
- In December 2023, the index fell to 89 points, its lowest level since September 2020. The fall was due to a slowdown in sales and wages.
- Sales growth rose 0.9 per cent year on year in December, the smallest rise since January 2021. The modest sales in December 2023 were due to a large decline in Agriculture, Forestry and Fishing following an exceptionally good harvest in late 2022. Further, there were declines in Wholesale Trade, Retail Trade, and Transport, Postal & Warehousing; changing patterns around Black Friday may also have had an impact.
- Wages growth rose 2.5 per cent year on year in December 2023, below its pre-pandemic average of 3 per cent. Both jobs growth and payment times were slightly improved compared to their long-term averages.

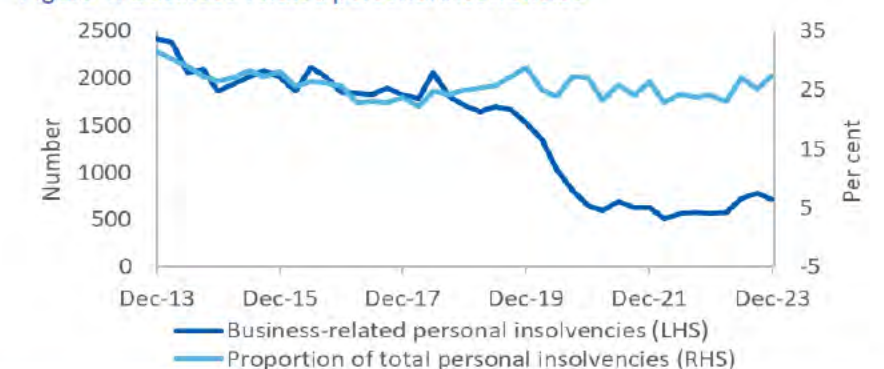
Figure 2: Xero Small Business Index Dec 2018 to Dec 2023



6. Business-related personal insolvencies increase^{nsa}

- The number of business-related personal insolvencies increased by 27.8 per cent year on year in the December quarter 2023 yet remained at a relatively low level compared to pre COVID-19.
- In the December quarter of 2023, there were 713 business-related personal insolvencies, corresponding to 27.3 per cent of all personal insolvencies.
- Compared to the September quarter, the number of business-related personal insolvencies increased in Qld, Tas and WA, while declining in NSW, Vic, SA, NT and ACT

Figure 4: Business-related personal insolvencies



^{nsa} indicates that data are not seasonally adjusted, where applicable

Small Business Update:

March 2024

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates
No. & share of businesses & workers, by size, businesses (2022-23), employment (2021-22) and industry value added (IVA) (2021-22)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,585,693 (61.2)		
Employing			
Micro (1 to 4)	703,467 (27.2)	2,985,000* (24.1)	304* (19.5)
Other Small (5 to 19)	231,259 (8.9)	2,170,000 (17.5)	202 (12.9)
Total small (0 to 19)	2,520,419 (97.3)	5,155,000 (41.7)	506 (32.4)
Medium (20 to 199)	64,559 (2.5)	3,009,000 (24.3)	345 (22.1)
Large (more than 200)	4,895 (0.2)	4,202,000 (34.0)	711 (45.5)
Total	2,589,873	12,367,000	1,562

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.
* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data
No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data
No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data
No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2022-23

- The number of small businesses increased by 14,407 to 2.52 million in 2022-23, driven by an increase in non-employing businesses (up 35,542). The number of employing small businesses fell (down 21,135).
- There were 89,747 employing small business births in 2022-23, and 61,317 employing small business cancellations over the period.
- Small business numbers showed the largest increase in Health Care and Social Assistance (up 9,887) in 2022-23, followed by Transport, Postal and Warehousing (up 4,942) and Professional, Scientific and Technical Services (up 4,071).
 - The largest percentage increase was also in Health Care and Social Assistance (up 5.9 per cent), followed by Financial and Insurance Services (up 2.6 per cent).
- The largest percentage decreases were in Accommodation and Food Services (down 2.0 per cent), and Administrative and Support Services (down 1.9 per cent).
- In 2022-23, the Local Government Areas with the largest increase in small businesses were Brisbane, Qld (up 2,104), Gold Coast, Qld (up 1,511) and Sydney, NSW (up 1,198). The largest fall was in Brimbank, Vic (down 1,340).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Labour Force (Detailed), ABS Quarterly Business Indicators Survey, ASIC Corporate insolvency statistics	Business counts, employment, company gross operating profit, corporate insolvencies	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	December quarter 2023	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	December 2023	24 April 2024	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 20 January 2024	11 April 2024	Box 4 and Figure 3
MYOB Business Monitor Report	Small businesses' cost pressure and revenue indicators	December 2024	Expected mid 2024	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	December quarter 2023	Expected May 2024	Box 6 and Figure 4

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 26

1. Sectoral insights: Wine*

- There were 2,379 businesses operating in Wine Production and 5,515 businesses in Grape Growing ** in early 2024 (IBISWorld). There were 1,298 wine exporters as of December 2023, an increase of 140 on 2022, but well below the peak of 2,912 in February 2020 (Wine Australia).
- Total sales of wine for 2022-23 were \$4.99 billion, a decline of 6 per cent from 2021-22. Domestic sales were \$3.12 billion, down by 2 per cent, and export sales were \$1.87 billion, down by 10 per cent compared to 2021-22.
- Total exports have fallen over 33 per cent since 2019-20, due to falling demand from China. While export levels are still well below long term averages, the December 2023 quarter ^{nsa} saw a year on year increase of 23 per cent in value, to the highest quarterly value since December 2020.
- Prior to November 2020, wine exports to China had a value of over \$1.0 billion, comprising 37.1 per cent of Australian wine exports in 2019-20. In 2022-23, this fell to \$7.8 million, making up less than 1.0 per cent of total exports. By December 2023, the top three markets by value were the USA (19 per cent), the UK (19 per cent) and Hong Kong (15 per cent).
- Industry organisations report that wine growers are experiencing significant financial stress due to a combination of bad weather, oversupply and falling revenue. Inventory has risen by 33.5 per cent since 2019-20 and revenue is expected to have fallen by 8.1 per cent annually over the last five years.

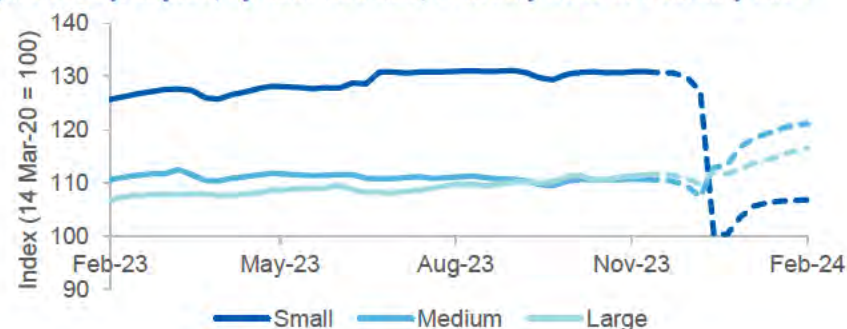
* Due to data availability issues, this sectoral insight relates to all businesses (unless indicated otherwise). Despite this, the data provides an indication of the small business environment.

** Includes wine grapes and table grapes.

4. Small business jobs increase after sharp post-Christmas fall ^{nsa}

- Small business payroll jobs to 17 February 2024 increased by 1.1 per cent from the previous month, however, they were down by 15.1 per cent over the year. This was the largest annual decline observed in the series (since January 2021). By contrast, medium business jobs rose by 9.4 per cent and large business jobs rose by 9.0 per cent over the year.
- Small business payroll jobs increased *over the month* in all states and territories. The largest rise in small business payroll jobs was in the NT (up 3.2 per cent), followed by the ACT (up 2.2 per cent).
- Small business jobs were lower *over the year* in every state and territory, varying from Vic (down 16.5 per cent) to Tas (down 10.7 per cent).

Figure 3: Payroll jobs, by business size, February 2023 to February 2024*

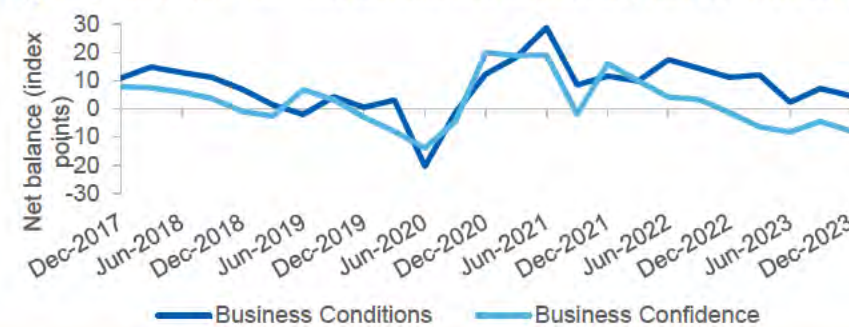


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 17 February 2024 and 16 March 2024, total payroll jobs (all businesses) increased by 0.4 per cent.

2. Conditions and confidence declined for larger SMEs in the December quarter

- NAB Small and Medium Enterprise (SME) business conditions fell by 3 points to +5 index points in the December quarter of 2023. The decline was observed in larger SMEs, while conditions for the smallest firms improved slightly.
- In recent quarters, SME conditions have been below the conditions for all businesses (whole economy) than at any other time recorded. The effect of this is most acute in the smallest SMEs (turnover between \$2-3 million).
- Conditions declined in all sectors except Construction, Business Services, and Property Services. The largest declines were in Manufacturing, down by 15 points to -8 index points, and Finance & Insurance, down by 10 points to 8 index points. In the quarter, conditions were also negative in Retail, Wholesale and Property Services, while remaining strongest in Transport & Storage.
- Business confidence declined by 3 points in December to -8 index points, marking the fifth consecutive quarter that SME confidence was negative.

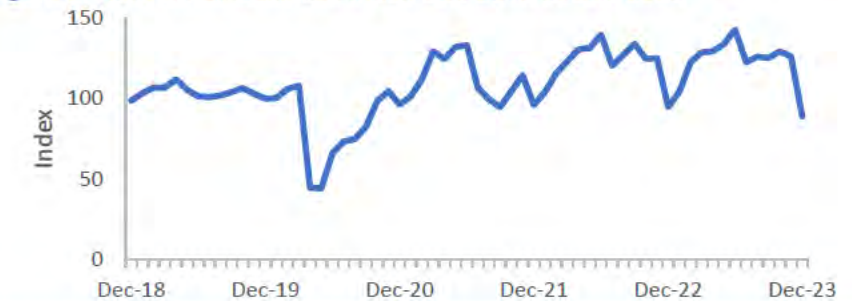
Figure 1: NAB SME business conditions & confidence, Dec 2017 to Dec 2023



3. Small business index declined over the quarter

- The Xero Australian Small Business Index averaged 115 points in December quarter 2023, down 10 points from the September quarter.
- In December 2023, the index fell to 89 points, its lowest level since September 2020. The fall was due to a slowdown in sales and wages.
- Sales growth rose 0.9 per cent year on year in December, the smallest rise since January 2021. The modest sales in December 2023 were due to a large decline in Agriculture, Forestry and Fishing following an exceptionally good harvest in late 2022. Further, there were declines in Wholesale Trade, Retail Trade, and Transport, Postal & Warehousing; changing patterns around Black Friday may also have had an impact.
- Wages growth rose 2.5 per cent year on year in December 2023, below its pre-pandemic average of 3 per cent. Both jobs growth and payment times were slightly improved compared to their long-term averages.

Figure 2: Xero Small Business Index Dec 2018 to Dec 2023



5. Spotlight: Cyber Safety in Small Business

- According to the Australian Signals Directorate Cyber Threat report, in 2022-23, cyber attacks increased in cost and frequency, costing \$46,000 per attack on average to a small business, up 14 per cent compared to 2021-22.
- According to research by Cyber Wardens released in 2024, cyber security was identified as one of the top three risks for small businesses. However, many small businesses underestimate their vulnerability to cyber attacks. Nearly half of small businesses perceive cyber security threats as having low risk (31 per cent) to no risk (14 per cent) to their business in the next 5 years.
- Only half of small businesses have their cloud drives and social media accounts protected with multi-factor authentication (MFA) or have a backup system to help recover from a cyber attack.
- Upon segmenting small businesses by their attitudes, awareness and behaviours relating to cyber security, only 12 per cent of small businesses are ready and resilient, 12 per cent are attentive and maturing, while 44 per cent are unaware and inactive.
- The level of a small business' cyber safety has much more to do with its mindset and day-to-day practices than how many employees it has or the age of the business.

6. Business-related personal insolvencies increase ^{nsa}

- The number of business-related personal insolvencies increased by 27.8 per cent year on year in the December quarter 2023 yet remained at a relatively low level compared to pre COVID-19.
- In the December quarter of 2023, there were 713 business-related personal insolvencies, corresponding to 27.3 per cent of all personal insolvencies.
- Compared to the September quarter, the number of business-related personal insolvencies increased in Qld, Tas and WA, while declining in NSW, Vic, SA, NT and ACT

Figure 4: Business-related personal insolvencies



^{nsa} indicates that data are not seasonally adjusted, where applicable

Small Business Update:

April 2024

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates
No. & share of businesses & workers, by size, businesses (2022-23), employment (2021-22) and industry value added (IVA) (2021-22)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,585,693 (61.2)		
Employing			
Micro (1 to 4)	703,467 (27.2)	2,985,000* (24.1)	304* (19.5)
Other Small (5 to 19)	231,259 (8.9)	2,170,000 (17.5)	202 (12.9)
Total small (0 to 19)	2,520,419 (97.3)	5,155,000 (41.7)	506 (32.4)
Medium (20 to 199)	64,559 (2.5)	3,009,000 (24.3)	345 (22.1)
Large (more than 200)	4,895 (0.2)	4,202,000 (34.0)	711 (45.5)
Total	2,589,873	12,367,000	1,562

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.
* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data
No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data
No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data
No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2022-23

- The number of small businesses increased by 14,407 to 2.52 million in 2022-23, driven by an increase in non-employing businesses (up 35,542). The number of employing small businesses fell (down 21,135).
- There were 89,747 employing small business births in 2022-23, and 61,317 employing small business cancellations over the period.
- Small business numbers showed the largest increase in Health Care and Social Assistance (up 9,887) in 2022-23, followed by Transport, Postal and Warehousing (up 4,942) and Professional, Scientific and Technical Services (up 4,071).
 - The largest percentage increase was also in Health Care and Social Assistance (up 5.9 per cent), followed by Financial and Insurance Services (up 2.6 per cent).
- The largest percentage decreases were in Accommodation and Food Services (down 2.0 per cent), and Administrative and Support Services (down 1.9 per cent).
- In 2022-23, the Local Government Areas with the largest increase in small businesses were Brisbane, Qld (up 2,104), Gold Coast, Qld (up 1,511) and Sydney, NSW (up 1,198). The largest fall was in Brimbank, Vic (down 1,340).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
Wine Australia Export Report, Wine Australia Production, Sales and Inventory Report, IBISWorld	Business counts, sales, export value, market shares	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	December quarter 2023	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	December 2023	24 April 2024	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 17 February 2024	9 May 2024	Box 4 and Figure 3
Australian Signals Directorate Cyber Threat Report, Cyber Wardens Building a Culture of Cyber Safety in Australian Small Businesses Report	Cost of cyber attacks, prevalence of preventative measures	Multiple	Multiple	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	December quarter 2023	28 May 2024	Box 6 and Figure 4

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2022-23*

	Non- employing	1-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total **
NSW	509,485	264,152	75,438	849,075	20,084	1,757	870,916
Vic	461,334	181,096	58,631	701,061	16,852	1,320	719,233
Qld	299,843	135,390	47,603	482,836	13,321	845	497,002
SA	103,720	36,407	15,094	155,221	4,061	271	159,553
WA	154,847	60,196	23,864	238,907	7,212	542	246,661
Tas	25,868	11,097	5,045	42,010	1,323	82	43,415
NT	9,368	4,046	2,017	15,431	653	23	16,107
ACT	19,524	10,911	3,557	33,992	1,052	54	35,098
Other/ unknown	1,704	172	10	1,886	0	0	1,888
Australia **	1,585,693	703,467	231,259	2,520,419	64,559	4,895	2,589,873

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

Table 2: Employment ('000) by state/territory and size, 2022-23

	0-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total
NSW	1,022	783	1,805	1,036	1,379	4,220
Vic	792	610	1,401	857	1,105	3,363
Qld	607	465	1,072	611	864	2,548
SA	180	144	324	194	278	796
WA	295	238	532	350	558	1,440
Tas	57	49	106	55	79	239
NT	20	21	41	31	41	113
ACT	47	40	87	51	72	210
Australia	3,019	2,349	5,368	3,184	4,376	12,928

Table 3: Small business estimates* by state/territory based on tax return data, 2021-22

NSW	1,238,000
Vic	1,095,000
Qld	784,000
SA	284,000
WA	401,000
Tas	72,000
NT	22,000
ACT	55,000
Australia	3,951,000

* This table is a breakdown of small businesses with turnover less than \$10 million. There are data reliability issues with these state breakdowns – for example, where a business operates across state borders. This breakdown is provided for indicative purposes only. Income tax return data is not suitable to provide a reliable breakdown of businesses with aggregated turnover greater than \$10 million by state.

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 28

1. Sectoral insights: Creative Artists, Musicians, Writers and Performers*

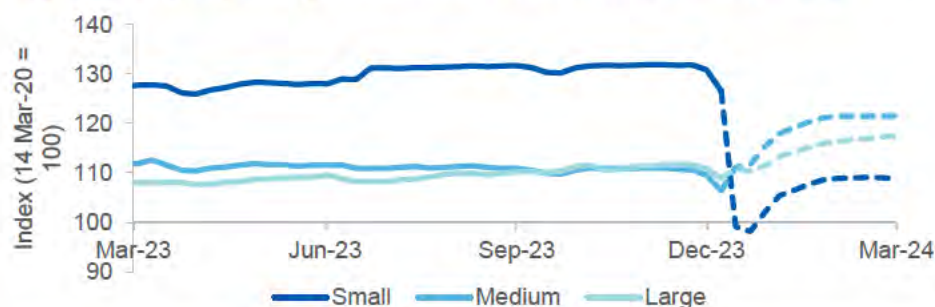
- As of 2022-23, there are 16,825 small businesses in the Creative Artists, Musicians, Writers and Performers industry, of which 84.7 per cent are non-employing businesses.
- According to Creative Australia's Artists as Workers report, in 2023, 78 per cent of workers in their principle artistic occupation (PAO) are self-employed.
- In 2021-22, 32 per cent of Australia's professional artists earned less than \$10,000, and 68 per cent earned less than \$50,000 from creative and arts-related work.
 - The average total income for a professional artist was \$54,500, while the average income from creative and art-related work alone was \$38,500.
 - Many artists rely on income from non-art related work, which on aggregate accounted for almost 30 per cent of their total income.
 - 43 per cent of artists are not meeting their minimum living costs with their total income including non-arts related income.
- A survey by Musicians Australia found that in 2022-23, 49 per cent of musicians earned less than \$6000 from the music industry, while 64 per cent earned less than \$15,000.
- Around one in five musicians derived all their income from their music career, with around two thirds also working outside the industry.

* Due to data availability issues, this sectoral insight relates to all artists including self-employed and wage & salary earners (unless otherwise specified). Since a large majority of artists are self-employed in their PAO, the data provides an indication of the small business environment.

4. Small business jobs stable after improving in early 2024^{nsa}

- Small business payroll jobs to 16 March 2024 decreased slightly, by 0.1 per cent over the month. Given the large decline in January, this was 14.8 per cent lower than a year ago. By contrast, medium business jobs rose by 8.6 per cent and large business jobs rose by 8.9 per cent over the year.
- Small business payroll jobs decreased *over the month* in NSW, Vic, Qld, SA and Tas; and increased in WA, ACT and NT. The largest fall in small business payroll jobs was in Tas (down 0.9 per cent), and the largest increase was in ACT (up 1.8 per cent).
- Small business jobs were lower *over the year* in every state and territory, varying from Vic (down 16.5 per cent) to Tas (down 11.5 per cent).

Figure 3: Payroll jobs, by business size, March 2023 to March 2024*



* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 16 March 2024 and 13 April 2024, total payroll jobs (all businesses) decreased by 0.6 per cent.

2. SME business conditions declined whilst SME confidence improved in the March quarter

- NAB Small and Medium Enterprise (SME) business conditions fell by 3 points to +2 index points in the March quarter of 2024. The decline was observed in all SMEs and was most notable for the medium SMEs.
- The divergence between SME conditions and the conditions for all businesses (whole economy) has continued. In the March quarter, SME conditions were 8 index points lower than the conditions for all businesses. The smallest SMEs (turnover between \$2-3 million) face the most challenging conditions.
- Conditions fell in all industries except Property Services and Finance & Insurance. The largest decreases in SME conditions were in Transport & Storage, down 13 points to +9 index points, followed by Health and Construction (both down 7 points). Conditions were negative in Manufacturing, Wholesale and Retail, while remaining strongest in Finance & Insurance.
- SME confidence increased 2 points to -6 index points in the quarter, however this remains the sixth consecutive quarter that SME confidence was negative.

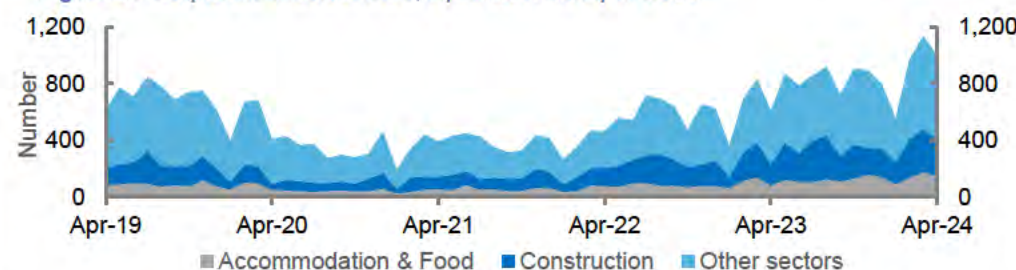
Figure 1: NAB SME business conditions & confidence, Mar 2018 to Mar 2024



5. Spotlight: Recent increase in corporate insolvencies^{nsa}

- Corporate insolvencies have been elevated in recent months, noting monthly data can fluctuate significantly due to seasonality and other factors.
- Corporate insolvencies were suppressed during COVID-19 due to creditor leniency and provision of temporary COVID-19 relief. The increased number largely reflects an unwinding of this paused insolvency activity.
- Despite the recent increase, the level of corporate insolvencies as a proportion of registered companies was 0.3 per cent for the previous 12-month period, which is lower than the long-term historical average (0.4 per cent).
- There were 996 corporate insolvencies (provisional) in April 2024. This is 64.4 per cent higher than the number of insolvencies in April 2023. There were 1,137 insolvencies in March 2024, the highest monthly figure since 1999.
- Simplified debt restructuring for small businesses was introduced in 2021. The take-up has increased over time – 13.8 per cent of insolvencies in April 2024 (provisional), up from 5.9 per cent in April 2023, and 1.1 per cent in April 2022.
- Construction (27.3 per cent) and Accommodation and Food Services (14.7 per cent) have represented a large share of corporate insolvencies since July 2021.

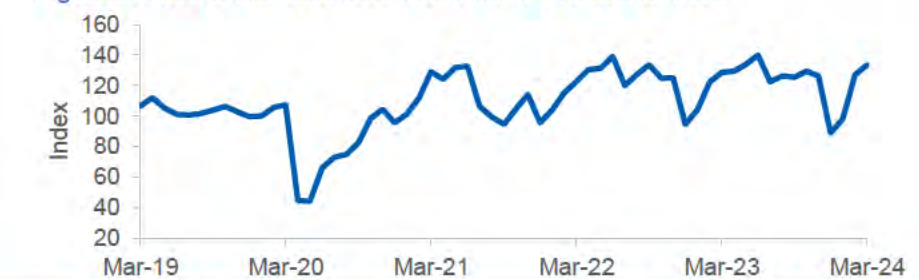
Figure 4: Corporate insolvencies, April 2019 to April 2024



3. Small business index improved in the March quarter

- The Xero Australian Small Business Index averaged 120 points in the March quarter of 2024, up 5 points from the December quarter. The increase was due to an improvement in wages, jobs and payment times.
- Sales growth rose 3.5 per cent year on year in the March quarter. This was significantly lower than the previous year, due to a negative growth in the month of March 2024 - caused by the earlier timing of the Good Friday public holiday and a strong month for sales in March 2023.
 - Xero indicates that sales growth in January and February (6.1 per cent and 6.9 per cent respectively) are likely to be better indications of the current performance of small businesses.
- Jobs growth rose 3.7 per cent year on year in the March quarter, improved from an average of 3.0 per cent in 2023. Wages growth rose 3.2 per cent and the average payment time was 22.6 days in the March quarter, both slightly improved compared to the December quarter.

Figure 2: Xero Small Business Index Mar 2019 to Mar 2024



6. Business-related personal insolvencies increase^{nsa}

- The number of business-related personal insolvencies increased by 32.3 per cent year on year in the March quarter 2024 yet remained at a relatively low level compared to pre COVID-19.
- In the March quarter of 2024, there were 758 business-related personal insolvencies, corresponding to 25.4 per cent of all personal insolvencies.
- Compared to the December quarter, the number of business-related personal insolvencies increased in NSW, Vic, SA, NT and the ACT, while declining in Qld, WA and Tas.

Figure 5: Business-related personal insolvencies



^{nsa} indicates that data are not seasonally adjusted, where applicable

Small Business Update:

May 2024

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size (2022-23), businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,585,693 (61.2)		
Employing			
Micro (1 to 4)	703,467 (27.2)	3,019,000* (23.4)	351* (19.6)
Other Small (5 to 19)	231,259 (8.9)	2,349,000 (18.2)	239 (13.3)
Total small (0 to 19)	2,520,419 (97.3)	5,368,000 (41.5)	590 (32.9)
Medium (20 to 199)	64,559 (2.5)	3,184,000 (24.6)	410 (22.9)
Large (more than 200)	4,895 (0.2)	4,376,000 (33.8)	793 (44.2)
Total	2,589,873	12,928,000	1,793

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees. * For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data
No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data
No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data
No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2022-23

- The number of small businesses increased by 44,566 to 2.52 million in 2022-23, driven by an increase in non-employing businesses (up 64,265). The number of employing small businesses fell (down 19,699).
- There were 89,747 employing small business births in 2022-23, and 60,227 employing small business cancellations over the period.
- There was a net movement of 35,509 surviving businesses from employing to non-employing during 2022-23 (all sizes).
- Small business numbers showed the largest increase in Health Care and Social Assistance (up 10,805 or 6.4 per cent) in 2022-23, followed by Transport, Postal and Warehousing (up 8,618 or 4.2 per cent) and Construction (up 8,296 or 1.9 per cent).
- The largest percentage decreases were in Accommodation and Food Services (down 1.5 per cent), and Retail Trade (down 0.6 per cent).
- In 2022-23, the number of small businesses increased in all states and territories. The largest percentage increase was in the ACT (up 3.6 per cent), followed by Qld (up 2.9 per cent), and WA (up 2.7 per cent). Vic had the smallest increase in the number of small businesses (up 0.6 per cent).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, Creative Australia's Artists as Workers Report, Musicians Australia 2023 End of Year Survey Report	Business counts, incomes, income sources, employment status.	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	March quarter 2024	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	March 2024	25 July 2024	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 13 April 2024	6 June 2024	Box 4 and Figure 3
Australian Securities and Investments Commission's Corporate Insolvencies Statistics	Corporate insolvencies	April 2024	10 June 2024	Box 5 and Figure 4
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	March quarter 2024	23 August 2024	Box 6 and Figure 5

Small Business Update:

A spotlight on Australia's small business landscape

FOI 4420
Document 20

1. Sectoral insights: Professional, Scientific and Technical Services* **

- As at 2022-23, there were 328,723 small businesses in Professional, Scientific and Technical Services (ranked second industry division behind Construction). In 2022-23, small businesses accounted for 46.7 per cent of private sector employment and 40.7 per cent of industry value added (output) in the sector.
 - In 2022-23, small businesses in the sector paid \$37.3 billion in employee earnings, excluding drawings of working proprietors (again ranking second behind Construction).
- In May 2024, there were 1,313,700 people employed in the sector in their main job, decreasing by 2.7 per cent over the year.
 - Within this sector ^{nsa}, employment decreased by 28,300 in Legal and Accounting Services and 26,100 in Market Research and Statistical Services, whilst increasing by 24,800 in Computer System Design and Related Services, and 9,000 in Scientific Research Services.
- Business Gross Operating Profits (GOP) in the sector were \$9.4 billion in the March quarter of 2024, 2.0 per cent higher than the year before.
 - Business GOP grew by 8.7 per cent in the quarter, the second strongest of any industry division.

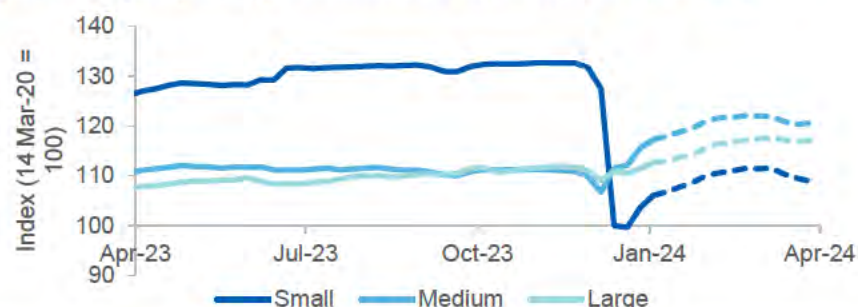
* Professional, Scientific and Technical Services includes scientific research, architecture, engineering, computer systems design, law, accountancy, advertising, market research, management and other consultancy, veterinary science and professional photography.

** Due to data availability issues, this sectoral insight relates to all businesses (unless indicated otherwise). Despite this, the data provides an indication of the small business environment.

4. Small business jobs fell 2.3 per cent over the last month ^{nsa}

- Small business payroll jobs to 13 April 2024 decreased by 2.3 per cent over the month to be 13.7 per cent lower than a year ago. By contrast, medium business jobs rose by 9.1 per cent and large business jobs rose by 8.7 per cent over the year.
 - Whilst small business jobs increased far more substantially than for medium and large businesses from around mid 2021 to December 2023, they fell very sharply after Christmas in 2023 and now remain lower than 2022 levels.
- Small business payroll jobs decreased *over the month* and *over the year* in all state and territories.

Figure 3: Payroll jobs, by business size, April 2023 to April 2024*

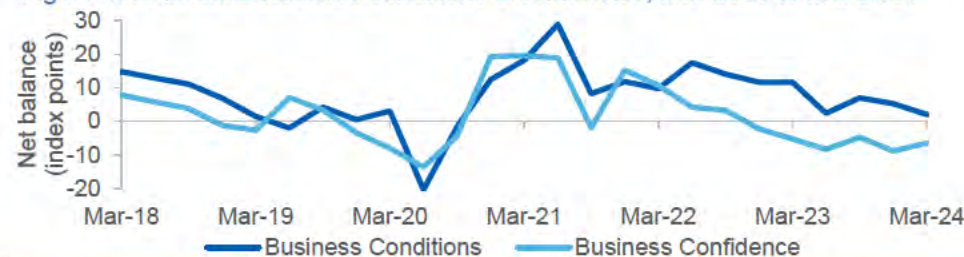


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 13 April 2024 and 11 May 2024, total payroll jobs (all businesses) increased by 0.1 per cent.

2. SME business conditions declined whilst SME confidence improved in the March quarter

- NAB Small and Medium Enterprise (SME) business conditions fell by 3 points to +2 index points in the March quarter of 2024. The decline was observed in all SMEs and was most notable for the medium SMEs.
- The divergence between SME conditions and the conditions for all businesses (whole economy) has continued. In the March quarter, SME conditions were 8 index points lower than the conditions for all businesses. The smallest SMEs (turnover between \$2-3 million) face the most challenging conditions.
- Conditions fell in all industries except Property Services and Finance & Insurance. The largest decreases in SME conditions were in Transport & Storage, down 13 points to +9 index points, followed by Health and Construction (both down 7 points). Conditions were negative in Manufacturing, Wholesale and Retail, while remaining strongest in Finance & Insurance.
- SME confidence increased 2 points to -6 index points in the quarter, however this remains the sixth consecutive quarter that SME confidence was negative.

Figure 1: NAB SME business conditions & confidence, Mar 2018 to Mar 2024



5. Spotlight: Monthly small business employee earnings ^{nsa}

- Small business employers paid \$20.9 billion to employees as wages and salaries in the month of March 2024. In the 12-month period to March 2024, small business employers paid \$248.5 billion in wages and salaries.
 - This amount does not include the income received by business owners who are not employees of the business, i.e. working proprietors. Thus, the contribution of small business to the incomes of their workers is much larger. Despite this, small businesses have contributed over 21 per cent of aggregate employee earnings in every month of available data.
- In March 2024, small business wages and salaries were 3.3 per cent higher than in March 2023. This compares with 9.5 per cent for large businesses.
 - So far in 2023-24, small business aggregate earnings have been consistently higher than for the corresponding months in 2022-23.
- The growth in aggregate wages and salaries has been higher in larger businesses than for small businesses. However this does not take into account a range of factors, including the industries, occupations, experience or skill levels of employees, nor hours worked.

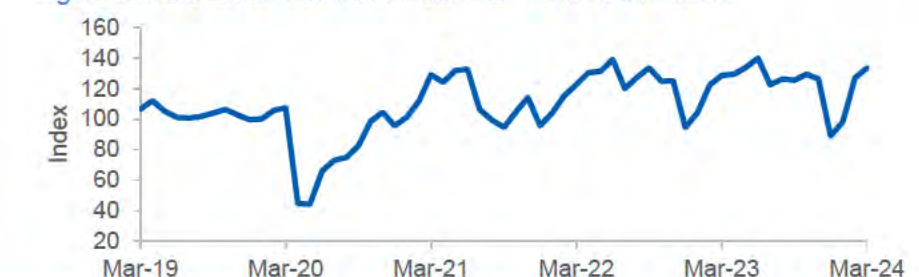
Figure 4: Small business employee earnings



3. Small business index improved in the March quarter

- The Xero Australian Small Business Index averaged 120 points in the March quarter of 2024, up 5 points from the December quarter. The increase was due to an improvement in wages, jobs and payment times.
- Sales growth rose 3.5 per cent year on year in the March quarter. This was significantly lower than the previous year, due to a negative growth in the month of March 2024 - caused by the earlier timing of the Good Friday public holiday and a strong month for sales in March 2023.
 - Xero indicates that sales growth in January and February (6.1 per cent and 6.9 per cent respectively) are likely to be better indications of the current performance of small businesses.
- Jobs growth rose 3.7 per cent year on year in the March quarter, improved from an average of 3.0 per cent in 2023. Wages growth rose 3.2 per cent and the average payment time was 22.6 days in the March quarter, both slightly improved compared to the December quarter.

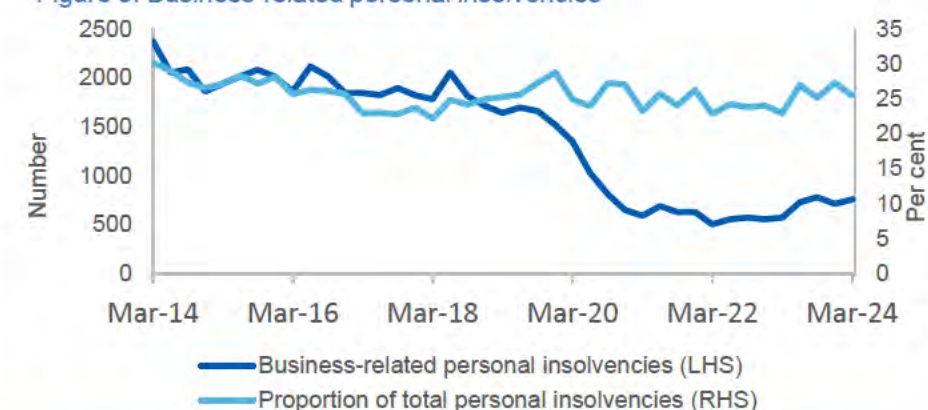
Figure 2: Xero Small Business Index Mar 2019 to Mar 2024



6. Business-related personal insolvencies increase ^{nsa}

- The number of business-related personal insolvencies increased by 32.3 per cent year on year in the March quarter 2024 yet remained at a relatively low level compared to pre COVID-19.
- In the March quarter of 2024, there were 758 business-related personal insolvencies, representing 25.4 per cent of all personal insolvencies.
- Compared to the December quarter, the number of business-related personal insolvencies increased in NSW, Vic, SA, NT and the ACT, while declining in Qld, WA and Tas.

Figure 5: Business-related personal insolvencies



nsa indicates that data are not seasonally adjusted, where applicable

Small Business Update:

June 2024

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size (2022-23), businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,585,693 (61.2)		
Employing			
Micro (1 to 4)	703,467 (27.2)	3,019,000* (23.4)	351* (19.6)
Other Small (5 to 19)	231,259 (8.9)	2,349,000 (18.2)	239 (13.3)
Total small (0 to 19)	2,520,419 (97.3)	5,368,000 (41.5)	590 (32.9)
Medium (20 to 199)	64,559 (2.5)	3,184,000 (24.6)	410 (22.9)
Large (more than 200)	4,895 (0.2)	4,376,000 (33.8)	793 (44.2)
Total	2,589,873	12,928,000	1,793

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.
* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2022-23

- The number of small businesses increased by 44,566 to 2.52 million in 2022-23, driven by an increase in non-employing businesses (up 64,265). The number of employing small businesses fell (down 19,699).
- There were 89,747 employing small business births in 2022-23, and 60,227 employing small business cancellations over the period.
- There was a net movement of 35,509 surviving businesses from employing to non-employing during 2022-23 (all sizes).
- Small business numbers showed the largest increase in Health Care and Social Assistance (up 10,805 or 6.4 per cent) in 2022-23, followed by Transport, Postal and Warehousing (up 8,618 or 4.2 per cent) and Construction (up 8,296 or 1.9 per cent).
- The largest percentage decreases were in Accommodation and Food Services (down 1.5 per cent), and Retail Trade (down 0.6 per cent).
- In 2022-23, the number of small businesses increased in all states and territories. The largest percentage increase was in the ACT (up 3.6 per cent), followed by Qld (up 2.9 per cent), and WA (up 2.7 per cent). Vic had the smallest increase in the number of small businesses (up 0.6 per cent).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Labour Force Survey, ABS Quarterly Business Indicators Survey	Business counts, employment, gross operating profits	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	March quarter 2024	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	March 2024	25 July 2024	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 11 May 2024	11 July 2024	Box 4 and Figure 3
ABS Monthly Employee Earnings Indicator	Aggregate small business employee earnings	March 2024	19 November 2024	Box 5 and Figure 4
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	March quarter 2024	23 August 2024	Box 6 and Figure 5

Small Business Data Placemat: July 2024

A spotlight on Australia's small business landscape

FOI 4420
Document 30

1. Sectoral insights: Information Media and Telecommunications **

- In 2022-23, there were 23,892 small businesses in the Information Media and Telecommunications sector. In the sector, small businesses accounted for 20.3 per cent of private sector employment and 9.0 per cent of industry value added (output).
 - During 2022-23, small businesses in the sector paid \$2.3 billion in wages and salaries; 10.2 per cent of the sector's total wages and salaries.
- In May 2024, there were 199,700 people employed in the sector in their main job; an increase of 3.3 per cent year on year ^{nsa}.
 - Within the sector, employment increased by 5,100 in Telecommunications Services, 3,900 in Motion Picture and Sound Recording Activities, and 3,200 in Internet Publishing and Broadcasting, whilst decreasing by 3,500 in Broadcasting (except Internet), and 2,400 in Library and Other Information Services.
- Business Gross Operating Profit (GOP) in the sector was \$4.8 billion in the March quarter of 2024; 4.2 per cent higher than a year prior.
 - Business GOP grew by 4.0 per cent over the quarter. This sector was among six sectors that experienced growth in GOP over the quarter and year on year.

** Due to data availability issues, this sectoral insight relates to all businesses (unless indicated otherwise). Despite this, the data provides an indication of the small business environment.

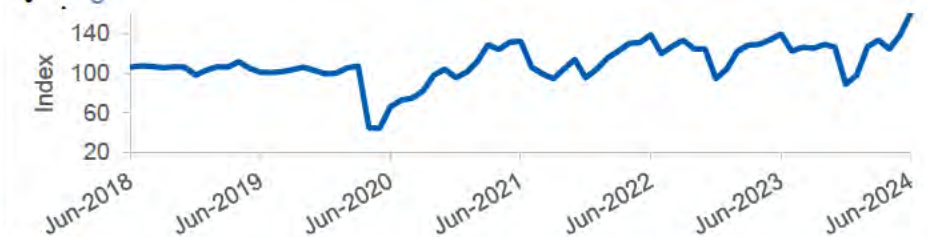
2. SME business conditions remained steady whilst SME confidence increased but remained negative

- NAB Small and Medium Enterprise (SME) business conditions remained steady at +2 index points in the June 2024 quarter but remained below their long-run average. Conditions for the smallest SMEs improved 5 points but remained negative. Conditions for mid-tier firms turned negative and larger firms saw conditions ease slightly.
- SME conditions declined in Accommodation & Food (down 14 points), Health (down 7 points), and Business Services (down 5 points). Other sectors saw SME conditions rise, most notably in Wholesale (up 8 points). In level terms, SME conditions remained strongest in Finance, Transport, Property & Business Services, and were weakest in Accommodation & Food and Manufacturing.
- SME business confidence was negative for a 7th consecutive quarter but improved slightly (up 4 points). SME confidence rose in most industries but in level terms remained negative in Manufacturing, Retail, Accommodation & Food, Wholesale and Construction.
- Across the states, SME conditions fell in WA (down 5 points) and NSW (down 2 points) with small rises elsewhere, leaving SME conditions weak outside of WA and QLD. SME confidence improved across the states but remained negative in NSW, VIC and SA.
- Cost pressures remained elevated. Labour availability remained a significant constraint for around 30 per cent of SMEs, similar to the rates reported by larger businesses, signalling that the labour market remains fairly tight.

3. Small business index improved in the June quarter

- Xero's Australian Small Business Index measures the overall performance of small businesses by tracking sales, time to be paid, jobs and wages. The Index averaged 142 points in the June 2024 quarter, up 21 points from the March quarter, driven by jobs growth. The month of June saw an improvement in payment times to small business, likely due to businesses wanting to settle accounts quickly at end of financial year.
- Sales grew 3.9 per cent in the June quarter year on year (yoy), similar to the sales growth in the March quarter yoy. There is volatility between months, with sales rising 12.8 per cent yoy in April (due to early Easter), rising 2.5 per cent yoy in May but then falling 3.5 per cent yoy in June.
- Jobs rose an average of 4.5 per cent yoy in the June quarter, up from 3.4 per cent yoy in the March quarter. The monthly June result (+5.0 per cent year on year) was the largest rise since October 2022.
- Wages growth slowed to 2.9 per cent yoy in the June quarter, with the largest increase in hospitality.

Figure 1: Xero Small Business Index Jun 2018 to Jun 2024



4. Small business jobs fell slightly over the last month ^{nsa}

- ABS data shows small business payroll jobs in the week ending 11 May 2024 decreased by 0.8 per cent over the month to be 13.9 per cent lower than a year ago. By contrast, medium business jobs rose by 8.5 per cent and large business jobs rose by 7.8 per cent over the year.
 - Whilst small business jobs increased far more substantially than for medium and large businesses from around mid 2021 to December 2023, they fell very sharply after Christmas in 2023 and now remain lower than 2022 levels.
- Small business payroll jobs decreased over the 12 months to May 2024 in all state and territories. Small business payroll jobs decreased over the month in all states and territories except QLD, WA and NT.

Figure 2: Payroll jobs, by business size, May 2023 to May 2024*



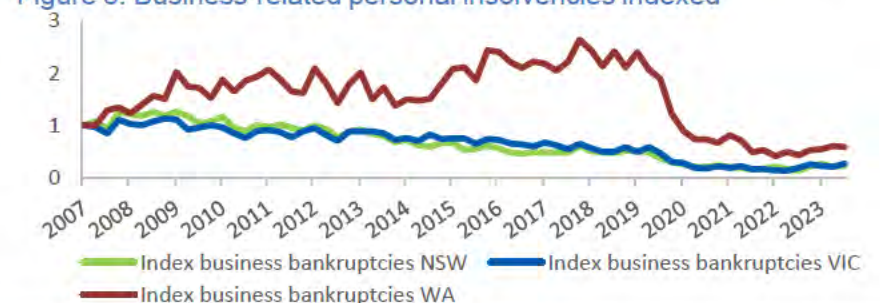
5. Spotlight: Small business innovation ^{nsa}

- In the two-year period ended 30 June 2023, 39.7 per cent of micro businesses and 54.5 per cent of small businesses reported innovative activity. This compares to 64.9 per cent and 63.1 per cent of medium and large businesses, respectively.
 - 19.8 per cent of micro businesses and 22.8 per cent of small businesses introduced a goods and/or services innovation.
 - 25.4 per cent of micro businesses and 39.2 per cent of small businesses introduced a process innovation.
- 81.2 per cent of micro businesses and 69.3 per cent of small businesses spent less than \$25,000 on innovation over these two years.
 - This includes the 32.4 per cent of micro businesses and 26.8 per cent of small businesses who had no expenditure on innovation.
- Among innovating businesses, 42.9 per cent of micro businesses and 54.2 per cent of small businesses reported less than 5 per cent of income that resulted from the sale of new or significantly improved goods and/or services.
- Sectors with the largest shares of innovative micro and small businesses are Information Media and Telecommunications, Wholesale Trade, Arts and Recreation Services, and Retail Trade.
- The most reported barriers to innovation include lack of access to additional funds, lack of skilled persons within the labour market and/or within the business, and cost of development and introduction/implementation.

6. Business-related personal insolvencies ^{nsa}

- The number of business-related personal insolvencies increased by 32.3 per cent year on year in the March quarter 2024 yet remained at a relatively low level compared to pre-COVID-19.
- Personal bankruptcy follows the same overall trend as personal insolvency over time.
- Over the years, the pattern of business-related personal insolvencies has been broadly consistent across states and territories, with the exception of WA.
 - WA business-related personal insolvencies and bankruptcies trended up over time before sharply declining during COVID-19.
 - In other states (and on aggregate for Australia), business-related personal insolvencies broadly declined prior to COVID-19.

Figure 3: Business-related personal insolvencies indexed



nsa indicates that data are not seasonally adjusted, where applicable

Small Business Data Placemat: July 2024

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size (2022-23), businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,585,693 (61.2)		
Employing			
Micro (1 to 4)	703,467 (27.2)	3,019,000* (23.4)	351* (19.6)
Other Small (5 to 19)	231,259 (8.9)	2,349,000 (18.2)	239 (13.3)
Total small (0 to 19)	2,520,419 (97.3)	5,368,000 (41.5)	590 (32.9)
Medium (20 to 199)	64,559 (2.5)	3,184,000 (24.6)	410 (22.9)
Large (more than 200)	4,895 (0.2)	4,376,000 (33.8)	793 (44.2)
Total	2,589,873	12,928,000	1,793

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.
* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2022-23

- The number of small businesses increased by 44,566 to 2.52 million in 2022-23, driven by an increase in non-employing businesses (up 64,265). The number of employing small businesses fell (down 19,699).
- There were 89,747 employing small business births in 2022-23, and 60,227 employing small business cancellations over the period.
- There was a net movement of 35,509 surviving businesses from employing to non-employing during 2022-23 (all sizes).
- Small business numbers showed the largest increase in Health Care and Social Assistance (up 10,805 or 6.4 per cent) in 2022-23, followed by Transport, Postal and Warehousing (up 8,618 or 4.2 per cent) and Construction (up 8,296 or 1.9 per cent).
- The largest percentage decreases were in Accommodation and Food Services (down 1.5 per cent), and Retail Trade (down 0.6 per cent).
- In 2022-23, the number of small businesses increased in all states and territories. The largest percentage increase was in the ACT (up 3.6 per cent), followed by Qld (up 2.9 per cent), and WA (up 2.7 per cent). Vic had the smallest increase in the number of small businesses (up 0.6 per cent).

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Labour Force Survey, ABS Quarterly Business Indicators Survey	Business counts, employment, gross operating profits	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	June quarter 2024	Multiple	Box 2
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	June 2024	24 October 2024	Box 3 and Figure 1
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 11 May 2024	24 October 2024	Box 4 and Figure 2
ABS Innovation in Australian Business	Small business innovation indicators	June 2024	20 August 2024	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	March quarter 2024	23 August 2024	Box 6 and Figure 3

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2023-24****

	Non- employing	1-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employe es	Total 2022-23**	<i>Total 2023-24**</i>
NSW	509,485	264,152	75,438	849,075	20,084	1,757	870,916	<i>896,485</i>
Vic	461,334	181,096	58,631	701,061	16,852	1,320	719,233	<i>737,874</i>
Qld	299,843	135,390	47,603	482,836	13,321	845	497,002	<i>510,417</i>
SA	103,720	36,407	15,094	155,221	4,061	271	159,553	<i>164,444</i>
WA	154,847	60,196	23,864	238,907	7,212	542	246,661	<i>255,379</i>
Tas	25,868	11,097	5,045	42,010	1,323	82	43,415	<i>44,025</i>
NT	9,368	4,046	2,017	15,431	653	23	16,107	<i>16,380</i>
ACT	19,524	10,911	3,557	33,992	1,052	54	35,098	<i>36,315</i>
Other/ unknown	1,704	172	10	1,886	0	0	1,888	<i>1,679</i>
Australia 2022-23 **	1,585,693	703,467	231,259	2,520,419	64,559	4,895	2,589,873	
<i>Australia 2023-24 **</i>	<i>1,663,837</i>	<i>693,558</i>	<i>232,200</i>	<i>2,589,595</i>	<i>68,214</i>	<i>5,189</i>		<i>2,662,988</i>

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

*** The ABS released the first update of the 2023-24 Counts of Australian Businesses, including Entries and Exits (CABEE) in August 2024. In this release, business counts by size and business counts by state and territory for 2023-24 are available. Business counts by both size and state/territory for 2023-24 will only be available in the next update in December 2024. In the table, the numbers in italic are from the 2023-24 CABEE and the remaining numbers are from the 2022-23 CABEE.

Table 2: Employment ('000) by state/territory and size, 2022-23

	0-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total
NSW	1,022	783	1,805	1,036	1,379	4,220
Vic	792	610	1,401	857	1,105	3,363
Qld	607	465	1,072	611	864	2,548
SA	180	144	324	194	278	796
WA	295	238	532	350	558	1,440
Tas	57	49	106	55	79	239
NT	20	21	41	31	41	113
ACT	47	40	87	51	72	210
Australia	3,019	2,349	5,368	3,184	4,376	12,928

Table 3: Small business estimates* by state/territory based on tax return data, 2021-22

NSW	1,238,000
Vic	1,095,000
Qld	784,000
SA	284,000
WA	401,000
Tas	72,000
NT	22,000
ACT	55,000
Australia	3,951,000

* This table is a breakdown of small businesses with turnover less than \$10 million. There are data reliability issues with these state breakdowns – for example, where a business operates across state borders. This breakdown is provided for indicative purposes only. Income tax return data is not suitable to provide a reliable breakdown of businesses with aggregated turnover greater than \$10 million by state.

Small Business Data Placemat: August 2024

A spotlight on Australia's small business landscape

1. Sectoral insights: Education and Training*

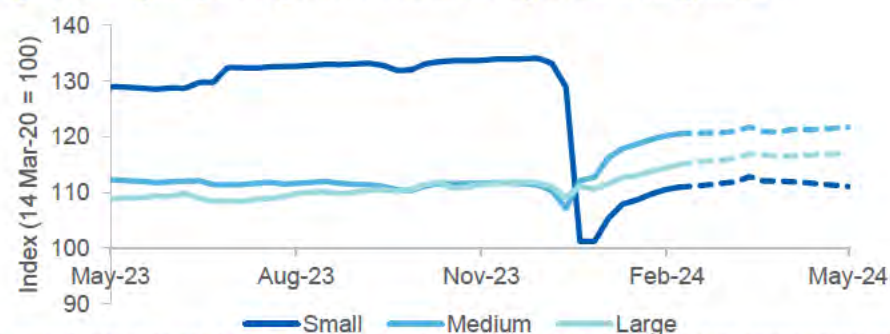
- In 2022-23, the Education and Training sector included 38,368 small businesses, or 94.0 per cent of the total number of businesses in the sector. Small businesses mostly operate in Adult, Community and Other Education (36.1 per cent), Technical and Vocational Education and Training (24.9 per cent), and Sports and Physical Recreation Instruction (18.1 per cent).
- In 2022-23, small businesses (private) employed 122,000 people, or 25.2 per cent of the sector's employment, generated 46.7 per cent of operating profit, and contributed 18.7 per cent of the sector's industry value added (output).
- In May 2024, there were 1,226,939 people employed in Education and Training (all business sizes) in their main job, increasing by 3.2 per cent over the year.
 - Within this sector, employment increased by 25,157 in Preschool and School Education and 27,878 in Tertiary Education, whilst decreasing by 14,969 in Adult, Community and Other Education.
- According to CreditorWatch, the insolvency rate of the sector in the 12 months to July 2024 increased 88 per cent though remained below the national average. This was the largest percentage increase across industries.
- Education and Training experienced significant changes in demand during and after COVID-19 and may face uncertainties given recent changes to student visa arrangements.

* Due to data availability issues, this sectoral insight relates to all businesses (unless indicated otherwise). Despite this, the data provides an indication of the small business environment.

4. Small business jobs fell slightly over the last month^{nsa}

- ABS data shows small business payroll jobs in the week ending 11 May 2024 decreased by 0.8 per cent over the month to be 13.9 per cent lower than a year ago. By contrast, medium business jobs rose by 8.5 per cent and large business jobs rose by 7.8 per cent over the year.
- Whilst small business jobs increased far more substantially than for medium and large businesses from around mid 2021 to December 2023, they fell very sharply after Christmas in 2023 and now remain lower than 2022 levels.
- Small business payroll jobs decreased over the 12 months to May 2024 in all state and territories. Small business payroll jobs decreased over the month in all states and territories except QLD, WA and NT.

Figure 3: Payroll jobs, by business size, May 2023 to May 2024*

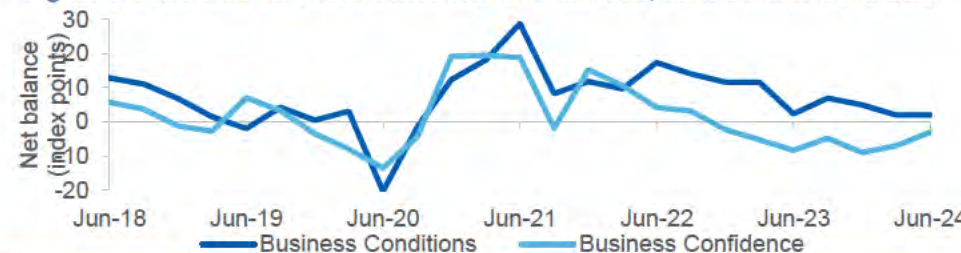


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 13 April 2024 and 11 May 2024, total payroll jobs (all businesses) increased by 0.1 per cent.

2. SME business conditions remained steady whilst SME confidence improved in the June quarter

- NAB Small and Medium Enterprise (SME) business conditions remained steady at +2 index points in the June 2024 quarter but remained below their long-run average. SME conditions were 3 index points lower than the conditions for all businesses.
- In the June quarter, conditions for the smallest SMEs surveyed (turnover between \$2-3 million) improved 5 points but remained negative and conditions for mid-tier SMEs (turnover between \$3-5 million) turned negative.
- SME conditions declined in Accommodation & Food (down 14 points), Health (down 7 points), and Business Services (down 5 points). Other sectors saw SME conditions rise, most notably in Wholesale (up 8 points).
- SME business confidence was negative for a 7th consecutive quarter but improved slightly (up 4 points). SME confidence rose in most industries but in level terms remained negative in Manufacturing, Retail, Accommodation & Food, Wholesale and Construction.

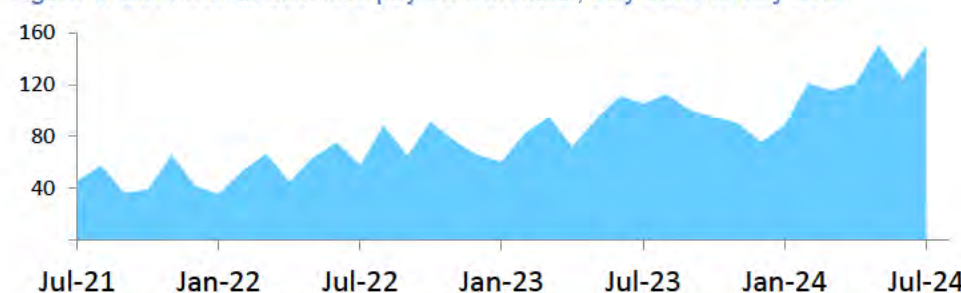
Figure 1: NAB SME business conditions & confidence, June 2018 to June 2024



5. Spotlight: Financial stress indicators^{nsa}

- According to CreditorWatch, the number of business-to-business trade payment defaults in July 2024 increased 42 per cent year on year and businesses that experienced trade payment defaults were more likely to fail in the year after.
- The average value of invoices held by businesses has decreased 51.5 per cent over the year to July 2024, indicating that businesses are ordering significantly less from suppliers as consumer demand falls.
- CreditorWatch's Business Risk Index shows that 87.2 per cent of regions around Australia will experience an increase in business failure rates over the next 12 months.
- Food and Beverage Services is the industry with the highest business failure rate (7.8 per cent), followed by Administrative Support Services (5.7 per cent) and Arts & Recreation Services (5.6 per cent).
- Food and Beverage Services also has the highest rate of outstanding ATO tax debts above \$100,000 (1.67 per cent), followed by Construction (1.19 per cent) and Transport, Postal and Warehousing (0.88 per cent).

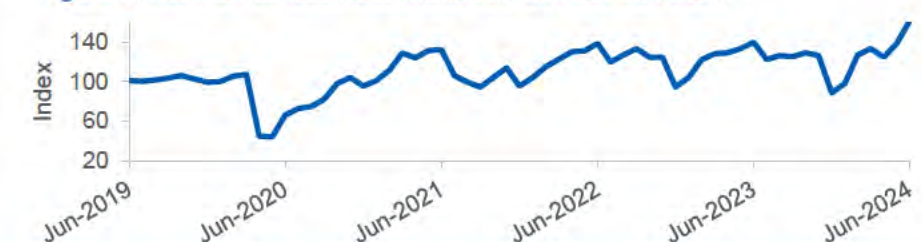
Figure 4: Business-to-business payment defaults, July 2021 to July 2024



3. Small business index improved in the June quarter

- Xero's Australian Small Business Index measures the overall performance of small businesses by tracking sales, time to be paid, jobs and wages. The Index averaged 142 points in the June 2024 quarter, up 21 points from the March quarter, driven by jobs growth. The month of June saw an improvement in payment times to small business, likely due to businesses wanting to settle accounts quickly at end of financial year.
- Sales grew 3.9 per cent in the June quarter year on year (yoy), similar to the sales growth in the March quarter yoy. There is volatility between months, with sales rising 12.8 per cent yoy in April (due to early Easter), rising 2.5 per cent yoy in May but then falling 3.5 per cent yoy in June.
- Jobs rose an average of 4.5 per cent yoy in the June quarter, up from 3.4 per cent yoy in the March quarter. The monthly June result (+5.0 per cent year on year) was the largest rise since October 2022.
- Wages growth slowed to 2.9 per cent yoy in the June quarter, with the largest increase in hospitality.

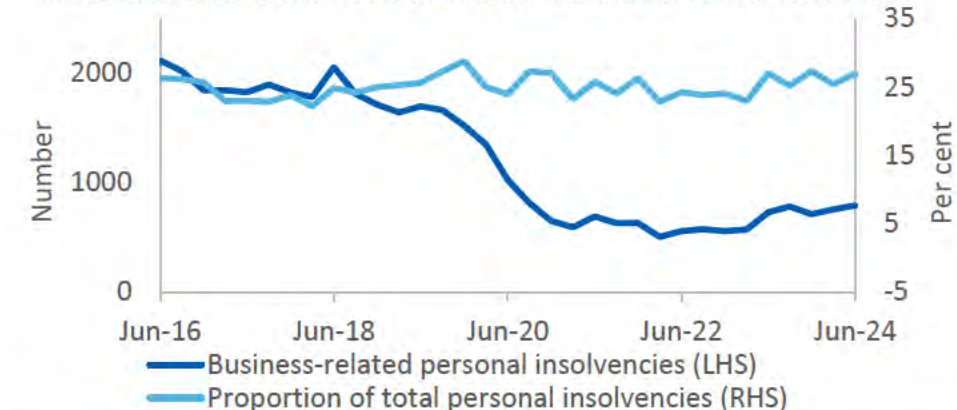
Figure 2: Xero Small Business Index Jun 2019 to Jun 2024



6. Business-related personal insolvencies increase in the June quarter^{nsa}

- The number of business-related personal insolvencies increased by 8.6 per cent year on year in the June quarter 2024 yet remained at a relatively low level compared to pre COVID-19.
- In the June quarter of 2024, there were 793 business-related personal insolvencies, representing 26.9 per cent of all personal insolvencies.
- Compared to the March quarter, the number of business-related personal insolvencies increased in NSW, Vic, Qld, Tas, NT and the ACT, while declining in SA and WA.

Figure 5: Business-related personal insolvencies, June 2016 to June 2024



nsa indicates that data are not seasonally adjusted, where applicable

Small Business Update:

August 2024

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size (2023-24), businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,663,837 (62.5)		
Employing			
Micro (1 to 4)	693,558 (26.0)	3,019,000* (23.4)	351* (19.6)
Other Small (5 to 19)	232,200 (8.7)	2,349,000 (18.2)	239 (13.3)
Total small (0 to 19)	2,589,595 (97.2)	5,368,000 (41.5)	590 (32.9)
Medium (20 to 199)	68,214 (2.6)	3,184,000 (24.6)	410 (22.9)
Large (more than 200)	5,189 (0.2)	4,376,000 (33.8)	793 (44.2)
Total	2,662,998	12,928,000	1,793

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2023-24

- The number of small businesses increased by 69,176, or 2.7 per cent, to 2.59 million in 2023-24, driven by an increase in non-employing businesses (up 78,144). The number of employing small businesses fell (down 8,968).
- There were 88,950 newly established employing small businesses in 2023-24, and 54,743 employing small business cancellations over the period.
- There was 43,642 non-employing businesses growing into employing businesses and 77,425 employing businesses (all sizes) changed to non-employing businesses during 2023-24.
- Business numbers (all sizes) showed the largest increase in Transport, Postal and Warehousing (up 18,621 or 8.5 per cent) in 2023-24, followed by Health Care and Social Assistance (up 14,316 or 7.7 per cent). Agriculture, Forestry and Fishing and Retail Trade were two sectors that saw decreases in the number of businesses in 2023-24.
- On average, half of new businesses that entered the market in 2020-21 still survived after 3 years in 2023-24. The 3-year survival rate increases in the size of the new business. It was 46.2 per cent for non-employing businesses, 58.8 per cent for businesses with 1-4 employees, 63.3 per cent for businesses with 5-19 employees, and 70 to 80 per cent for larger businesses.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Labour Force Survey, CreditorWatch Business Risk Index	Business counts, employment, gross operating profits	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	June quarter 2024	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	June quarter 2024	24 October 2024	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 11 May 2024	24 October 2024	Box 4 and Figure 3
CreditorWatch Business Risk Index	Business payment default, business failure rate	July 2024	September 2024	Box 5 and Figure 4
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	June quarter 2024	26 November 2024	Box 6 and Figure 5

Small Business Data Placemat: September 2024

A spotlight on Australia's small business landscape

1. Sectoral insights: Manufacturing*

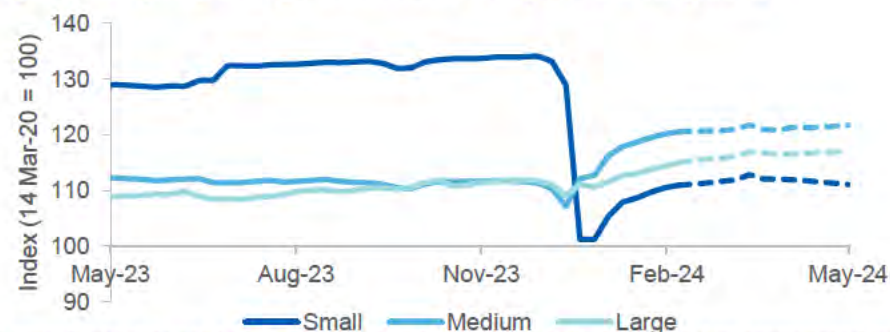
- In 2022-23, the Manufacturing sector included 82,983 small businesses, 92.0 per cent of the total number of businesses in the sector.
 - Small businesses mostly operate in manufacturing fabricated metal products (18.7 per cent), machinery and equipment (13.2 per cent), and food products (11.8 per cent).
- In 2022-23, private small businesses employed 262,000 people, or 29.1 per cent of the sector's employment, generated 25.4 per cent of operating profit, and contributed 20.1 per cent of the sector's industry value added (output).
- In May 2024, 902,900 people were employed in Manufacturing (all business sizes) in their main job, almost unchanged over the year.
 - Within the sector, employment increased by 15,816 in primary metal and metal product manufacturing, whilst decreasing by 12,660 in polymer product and rubber product manufacturing.
- In 2023-24, the sector's corporate Gross Operating Profit was \$47.4 billion, 6.5 per cent higher than 2022-23, while unincorporated Gross Operating Profit was \$3.3 billion, 18.8 per cent lower than 2022-23.
- In 2023-24, there were 578 corporate insolvencies and 155 business-related personal insolvencies in the sector. Over the year, corporate insolvencies in the sector grew below average while business-related personal insolvencies increased by 55 per cent.

* Due to data availability issues, this sectoral insight relates to all businesses (unless indicated otherwise). Despite this, the data provides an indication of the small business environment.

4. Small business jobs fell slightly over the last month^{nsa}

- ABS data shows small business payroll jobs in the week ending 11 May 2024 decreased by 0.8 per cent over the month to be 13.9 per cent lower than a year ago. By contrast, medium business jobs rose by 8.5 per cent and large business jobs rose by 7.8 per cent over the year.
- Whilst small business jobs increased far more substantially than for medium and large businesses from around mid 2021 to December 2023, they fell very sharply after Christmas in 2023 and now remain lower than 2022 levels.
- Small business payroll jobs decreased over the 12 months to May 2024 in all state and territories. Small business payroll jobs decreased over the month in all states and territories except QLD, WA and NT.

Figure 3: Payroll jobs, by business size, May 2023 to May 2024*

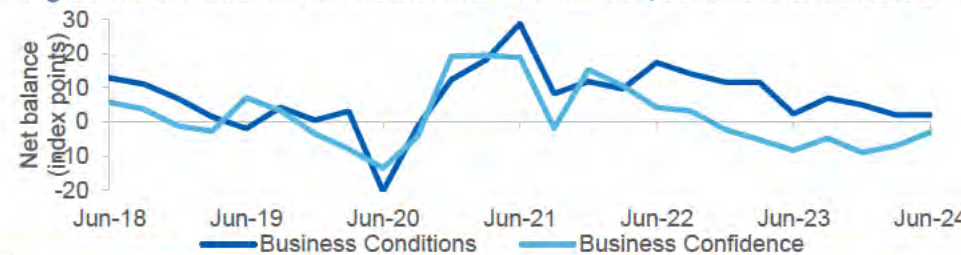


* Payroll jobs data can take several months to be complete (incomplete data represented by dotted lines); recent data should be interpreted with caution. Between 13 April 2024 and 11 May 2024, total payroll jobs (all businesses) increased by 0.1 per cent.

2. SME business conditions remained steady whilst SME confidence improved in the June quarter

- NAB Small and Medium Enterprise (SME) business conditions remained steady at +2 index points in the June 2024 quarter but remained below their long-run average. SME conditions were 3 index points lower than the conditions for all businesses.
- In the June quarter, conditions for the smallest SMEs surveyed (turnover between \$2-3 million) improved 5 points but remained negative and conditions for mid-tier SMEs (turnover between \$3-5 million) turned negative.
- SME conditions declined in Accommodation & Food (down 14 points), Health (down 7 points), and Business Services (down 5 points). Other sectors saw SME conditions rise, most notably in Wholesale (up 8 points).
- SME business confidence was negative for a 7th consecutive quarter but improved slightly (up 4 points). SME confidence rose in most industries but in level terms remained negative in Manufacturing, Retail, Accommodation & Food, Wholesale and Construction.

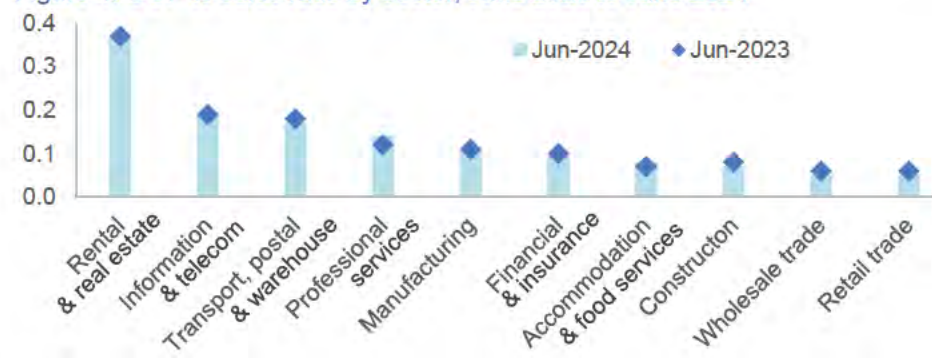
Figure 1: NAB SME business conditions & confidence, June 2018 to June 2024



5. Spotlight: Business profit indicators

- In the June quarter of 2024, Gross Operating Profits (GOP) for all businesses was \$144.9 billion, decreasing 4.3 per cent year on year (yoy).
 - Sectors with the largest yoy GOP decreases include Wholesale trade (down 16.7 per cent), Mining (down 12.3 per cent), and Construction (down 12.0 per cent). Professional, Scientific and Technical Services saw an increase of 22.8 per cent in GOP, followed by Electricity, Gas, Water and Waste Services (up 15.7 per cent).
- According to Unleashed Manufacturing Health index, the gross margin return on inventory (which measures the ability of businesses to turn goods purchased into profit) for Australian manufacturers fell by 17 per cent yoy in the June quarter of 2024.
- Despite an improvement in wait time to receive ordered supplies, on average SME manufacturers held 20 per cent more stock than they needed to meet sales demand in the June 2024 quarter.

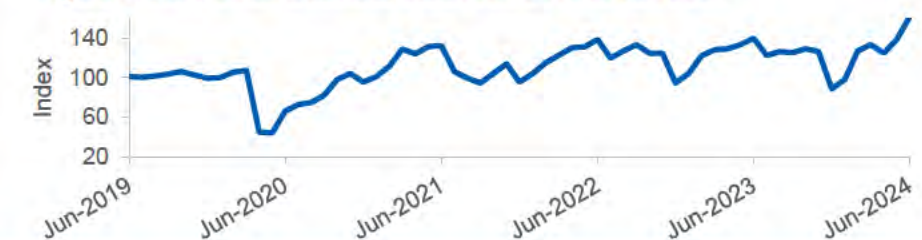
Figure 4: GOP to sales ratio by sector, June 2023 to June 2024



3. Small business index improved in the June quarter

- Xero's Australian Small Business Index measures the overall performance of small businesses by tracking sales, time to be paid, jobs and wages. The Index averaged 142 points in the June 2024 quarter, up 21 points from the March quarter, driven by jobs growth. The month of June saw an improvement in payment times to small business, likely due to businesses wanting to settle accounts quickly at end of financial year.
- Sales grew 3.9 per cent in the June quarter year on year (yoy), similar to the sales growth in the March quarter yoy. There is volatility between months, with sales rising 12.8 per cent yoy in April (due to early Easter), rising 2.5 per cent yoy in May but then falling 3.5 per cent yoy in June.
- Jobs rose an average of 4.5 per cent yoy in the June quarter, up from 3.4 per cent yoy in the March quarter. The monthly June result (+5.0 per cent year on year) was the largest rise since October 2022.
- Wages growth slowed to 2.9 per cent yoy in the June quarter, with the largest increase in hospitality.

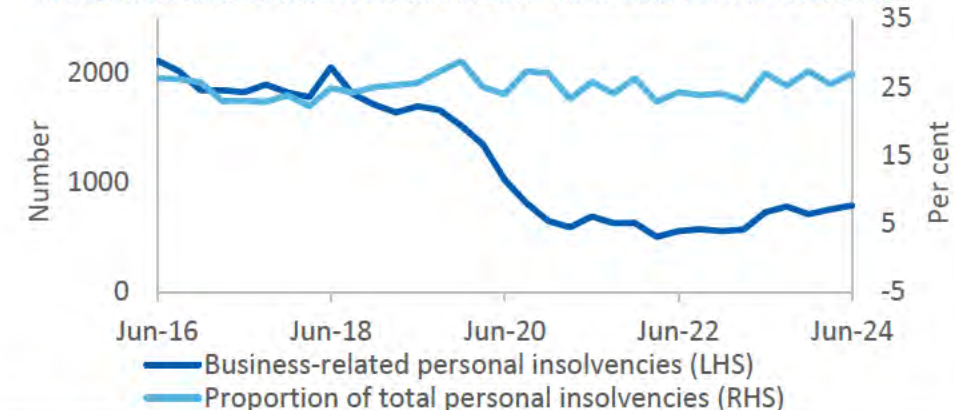
Figure 2: Xero Small Business Index Jun 2019 to Jun 2024



6. Business-related personal insolvencies increase in the June quarter^{nsa}

- The number of business-related personal insolvencies increased by 8.6 per cent year on year in the June quarter 2024 yet remained at a relatively low level compared to pre COVID-19.
- In the June quarter of 2024, there were 793 business-related personal insolvencies, representing 26.9 per cent of all personal insolvencies.
- Compared to the March quarter, the number of business-related personal insolvencies increased in NSW, Vic, Qld, Tas, NT and the ACT, while declining in SA and WA.

Figure 5: Business-related personal insolvencies, June 2016 to June 2024



^{nsa} indicates that data are not seasonally adjusted, where applicable

Small Business Update:

September 2024

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size (2023-24), businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,663,837 (62.5)		
Employing			
Micro (1 to 4)	693,558 (26.0)	3,019,000* (23.4)	351* (19.6)
Other Small (5 to 19)	232,200 (8.7)	2,349,000 (18.2)	239 (13.3)
Total small (0 to 19)	2,589,595 (97.2)	5,368,000 (41.5)	590 (32.9)
Medium (20 to 199)	68,214 (2.6)	3,184,000 (24.6)	410 (22.9)
Large (more than 200)	5,189 (0.2)	4,376,000 (33.8)	793 (44.2)
Total	2,662,998	12,928,000	1,793

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2023-24

- The number of small businesses increased by 69,176, or 2.7 per cent, to 2.59 million in 2023-24, driven by an increase in non-employing businesses (up 78,144). The number of employing small businesses fell (down 8,968).
- There were 88,950 newly established employing small businesses in 2023-24, and 54,743 employing small business cancellations over the period.
- There was 43,642 non-employing businesses growing into employing businesses and 77,425 employing businesses (all sizes) changed to non-employing businesses during 2023-24.
- Business numbers (all sizes) showed the largest increase in Transport, Postal and Warehousing (up 18,621 or 8.5 per cent) in 2023-24, followed by Health Care and Social Assistance (up 14,316 or 7.7 per cent). Agriculture, Forestry and Fishing and Retail Trade were two sectors that saw decreases in the number of businesses in 2023-24.
- On average, half of new businesses that entered the market in 2020-21 still survived after 3 years in 2023-24. The 3-year survival rate increases in the size of the new business. It was 46.2 per cent for non-employing businesses, 58.8 per cent for businesses with 1-4 employees, 63.3 per cent for businesses with 5-19 employees, and 70 to 80 per cent for larger businesses.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Labour Force Survey, Business Indicators, ASIC corporate insolvency statistics, AFSA personal insolvency statistics	Business counts, employment, gross operating profits	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	June quarter 2024	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	June quarter 2024	24 October 2024	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 11 May 2024	24 October 2024	Box 4 and Figure 3
ABS Business Indicators, Unleashed Manufacturing Health Index	Gross operating profit, profitability indicators	June quarter 2024	Multiple	Box 5 and Figure 4
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	June quarter 2024	26 November 2024	Box 6 and Figure 5

Small Business Data Placemat: October 2024

A spotlight on Australia's small business landscape

1. Sectoral insights: Health Care and Social Assistance*

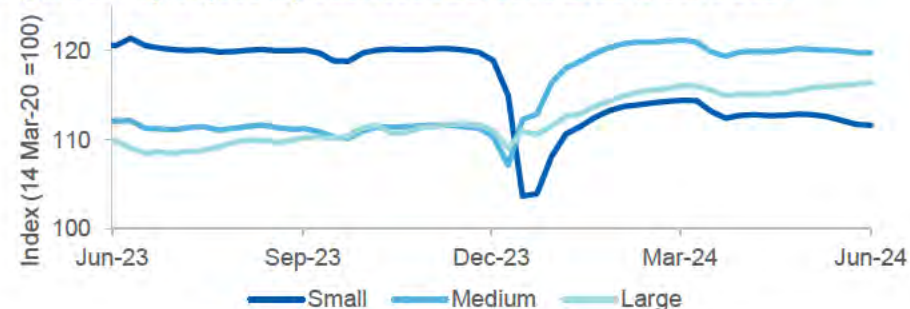
- In 2022-23, there were 178,838 small businesses, accounting for 96.5 per cent of the total number of businesses in the Health Care and Social Assistance sector. This is the sector with the highest growth of small businesses (6.4 per cent in 2022-23).
 - Small businesses mostly operate in general practice medical services (27.4 per cent) and other allied health services (20.2 per cent).
 - The number of small businesses grew by 36.4 per cent in other social assistance services and 9.8 per cent in other allied health services.
- In 2022-23, private small businesses employed 526,000 people, 31.6 per cent of the sector's employment, and contributed 38.6 per cent (\$52.9 billion) of the sector's output.
- Private small businesses in the sector generated \$31.4 billion in operating profit, accounting for 82.6 per cent of the sector's operating profit.
- In August 2024, 2.3 million people were employed in the sector (all business sizes) in their main job, accounting for 15.6 per cent of the total employment in Australia. This is the largest sector in terms of employment.
 - Employment grew by 49.4 per cent (92,000 people) in residential care services, whilst decreasing by 2.1 per cent in medical and other health care services over the year.

* Due to data availability issues, this sectoral insight relates to all businesses (unless indicated otherwise). Despite this, the data provides an indication of the small business environment.

4. Small business jobs fell slightly over the last months^{nsa}

- ABS data shows small business payroll jobs in the week ending 15 June 2024 decreased by 1.0 per cent over the month to be 7.4 per cent lower than a year ago. By contrast, medium business jobs rose by 6.9 per cent and large business jobs rose by 5.9 per cent over the year.
- Whilst small business jobs increased far more substantially than for medium and large businesses from around mid 2021 to December 2023, they fell very sharply after Christmas in 2023 and now remain lower than 2022 levels.
- The monthly payroll job change in June 2024 was influenced by growth in Health Care and Social Assistance and Education and Training and decreases in Accommodation and Food Services, Construction and Retail.
- Small business payroll jobs decreased over the 12 months to June 2024 in all state and territories. The largest fall was in Vic (down 9.1 per cent), followed by NT (down 9.0 per cent) and NSW (down 7.5 per cent).

Figure 3: Payroll jobs, by business size, June 2023 to June 2024



2. SME business conditions and SME confidence worsened in the September quarter

- NAB Small and Medium Enterprise (SME) business conditions declined 3 points and turned negative to -2 index points in the September 2024 quarter.
- Conditions for the smallest SMEs surveyed (\$2-3 million turnover) and mid-tier SMEs (\$3-5 million turnover) respectively decreased 1 and 4 index points and remained negative. Conditions for larger SMEs declined by 5 index points to 0.
- SME conditions were 4 index points lower than the conditions for all businesses.
- The largest decreases in SME conditions were in Transport & Storage (11 points), Wholesale (9 points), Retail (8 points), and Property Services (8 points). Partly offsetting was a notable rise in Business Services (up 16 points).
- SME confidence was negative for the 8th consecutive quarter and worsened considerably (down 8 points). SME confidence declined in all industries and only remains positive in Property Services and Business Services.

Figure 1: NAB SME business conditions & confidence, Sep 2018 to Sep 2024



5. Spotlight: Skills shortages have been relieved

- The fill rate of advertised vacancies increased by 4.8 percentage points over the year to 66.2 per cent in the June quarter of 2024, indicating businesses are filling vacancies more easily. This is supported by increases in both the number of qualified applicants and suitable applicants per vacancy.
- The proportion of employers who are recruiting in the June quarter of 2024 was 45 per cent, 5 percentage points lower than 12 months ago and 13 percentage points lower than the peak of 58 per cent in the June quarter of 2022.
- The metropolitan area fill rate was 68 per cent, while the regional area fill rate was 61.3 per cent in the June quarter of 2024.
 - The gap between areas has widened from 1.1 percentage points in 2022 to 6.8 percentage points in 2024, indicating shortage pressures in regional areas have become more pronounced relative to metro areas.
- Fill rates improved across all occupations, most notably for Skill Level 3 and 4 occupations. Despite the improvement, the fill rates for Skill Level 3 occupations, which often require a Certificate III/IV, remain low at 51.9 per cent.

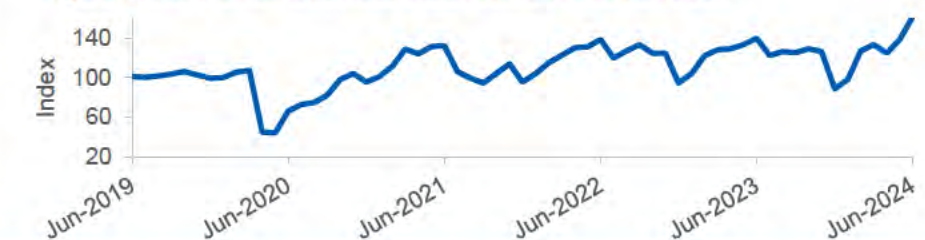
Figure 4: Fill rates by skill level occupations, June 2022 to June 2024



3. Small business index improved in the June quarter

- Xero's Australian Small Business Index measures the overall performance of small businesses by tracking sales, time to be paid, jobs and wages. The Index averaged 142 points in the June 2024 quarter, up 21 points from the March quarter, driven by jobs growth. The month of June saw an improvement in payment times to small business, likely due to businesses wanting to settle accounts quickly at end of financial year.
- Sales grew 3.9 per cent in the June quarter year on year (yoy), similar to the sales growth in the March quarter yoy. There is volatility between months, with sales rising 12.8 per cent yoy in April (due to early Easter), rising 2.5 per cent yoy in May but then falling 3.5 per cent yoy in June.
- Jobs rose an average of 4.5 per cent yoy in the June quarter, up from 3.4 per cent yoy in the March quarter. The monthly June result (+5.0 per cent year on year) was the largest rise since October 2022.
- Wages growth slowed to 2.9 per cent yoy in the June quarter, with the largest increase in hospitality.

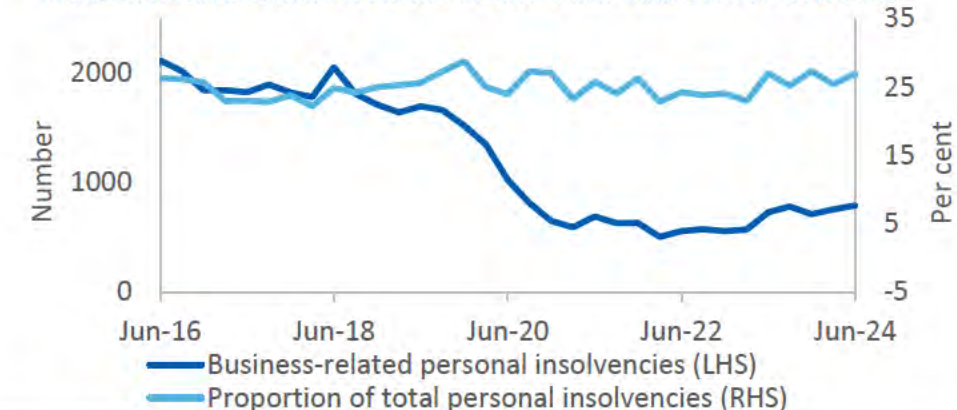
Figure 2: Xero Small Business Index Jun 2019 to Jun 2024



6. Business-related personal insolvencies increase in the June quarter^{nsa}

- The number of business-related personal insolvencies increased by 8.6 per cent year on year in the June quarter 2024 yet remained at a relatively low level compared to pre COVID-19.
- In the June quarter of 2024, there were 793 business-related personal insolvencies, representing 26.9 per cent of all personal insolvencies.
- Compared to the March quarter, the number of business-related personal insolvencies increased in NSW, Vic, Qld, Tas, NT and the ACT, while declining in SA and WA.

Figure 5: Business-related personal insolvencies, June 2016 to June 2024



^{nsa} indicates that data are not seasonally adjusted, where applicable

Small Business Update:

October 2024

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size (2023-24), businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,663,837 (62.5)		
Employing			
Micro (1 to 4)	693,558 (26.0)	3,019,000* (23.4)	351* (19.6)
Other Small (5 to 19)	232,200 (8.7)	2,349,000 (18.2)	239 (13.3)
Total small (0 to 19)	2,589,595 (97.2)	5,368,000 (41.5)	590 (32.9)
Medium (20 to 199)	68,214 (2.6)	3,184,000 (24.6)	410 (22.9)
Large (more than 200)	5,189 (0.2)	4,376,000 (33.8)	793 (44.2)
Total	2,662,998	12,928,000	1,793

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2023-24

- The number of small businesses increased by 69,176, or 2.7 per cent, to 2.59 million in 2023-24, driven by an increase in non-employing businesses (up 78,144). The number of employing small businesses fell (down 8,968).
- There were 88,950 newly established employing small businesses in 2023-24, and 54,743 employing small business cancellations over the period.
- There was 43,642 non-employing businesses growing into employing businesses and 77,425 employing businesses (all sizes) changed to non-employing businesses during 2023-24.
- Business numbers (all sizes) showed the largest increase in Transport, Postal and Warehousing (up 18,621 or 8.5 per cent) in 2023-24, followed by Health Care and Social Assistance (up 14,316 or 7.7 per cent). Agriculture, Forestry and Fishing and Retail Trade were two sectors that saw decreases in the number of businesses in 2023-24.
- On average, half of new businesses that entered the market in 2020-21 still survived after 3 years in 2023-24. The 3-year survival rate increases in the size of the new business. It was 46.2 per cent for non-employing businesses, 58.8 per cent for businesses with 1-4 employees, 63.3 per cent for businesses with 5-19 employees, and 70 to 80 per cent for larger businesses.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Labour Force Survey	Business counts, employment, gross operating profits	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2024	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia – comprised of small business jobs, sales, wages and time taken to be paid.	June quarter 2024	31 October 2024	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 15 June 2024	23 January 2025	Box 4 and Figure 3
Jobs and Skills Australia Labour Market Update, Occupation Shortage Report	Job vacancy fill rate, recruitment rate	June quarter 2024	Multiple	Box 5 and Figure 4
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	June quarter 2024	26 November 2024	Box 6 and Figure 5

Small Business Data Placemat: November 2024

A spotlight on Australia's small business landscape

1. Sectoral insights: Transport, Postal and Warehousing*

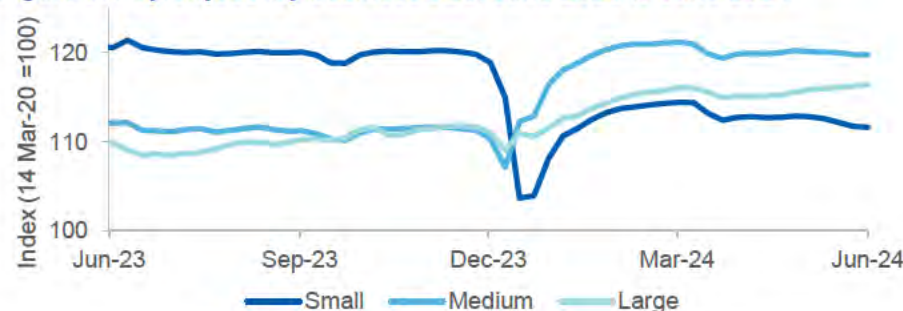
- In 2022-23, there were 216,177 small businesses, accounting for 98.9 per cent of the total number of businesses in the Transport, Postal and Warehousing sector. This is the sector with the second largest share (79.6 per cent) of non-employing businesses (mostly unincorporated businesses).
 - Small businesses mostly operate in Other Transport Support Services (27.6 per cent), Road Freight Transport (27.5 per cent), and Courier Pick-up and Delivery Services (20.2 per cent).
- In 2022-23, private small businesses employed 291,000 people, 44.1 per cent of the sector's employment, and contributed 25.9 per cent (\$24.5 billion) of the sector's output.
- Private small businesses in the sector generated \$11.0 billion in operating profit, accounting for 57.7 per cent of the sector's operating profit in 2022-23.
- In 2023-24, unincorporated gross operating profit in the sector was \$2.9 billion and corporate gross operating profit was \$32.3 billion.
- There were 132,000 owner managers, accounting for 17.7 per cent of the total employment in the sector as of November 2023. Among these, around 85,000 are owner managers of unincorporated businesses, and 27,500 owner managers of non-employing companies.
- The total employment in the sector (all business sizes) was 705,000 people in August 2024, a decrease of 2.9 per cent compared to August 2023.

* Due to data availability issues, this sectoral insight relates to all businesses (unless indicated otherwise). Despite this, the data provides an indication of the small business environment.

4. Small business jobs fell slightly over the last months ^{nsa}

- ABS data shows small business payroll jobs in the week ending 15 June 2024 decreased by 1.0 per cent over the month to be 7.4 per cent lower than a year ago. By contrast, medium business jobs rose by 6.9 per cent and large business jobs rose by 5.9 per cent over the year.
- Whilst small business jobs increased far more substantially than for medium and large businesses from around mid 2021 to December 2023, they fell very sharply after Christmas in 2023 and now remain lower than 2022 levels.
- The monthly payroll job change in June 2024 was influenced by growth in Health Care and Social Assistance and Education and Training and decreases in Accommodation and Food Services, Construction and Retail.
- Small business payroll jobs decreased over the 12 months to June 2024 in all state and territories. The largest fall was in Vic (down 9.1 per cent), followed by NT (down 9.0 per cent) and NSW (down 7.5 per cent).

Figure 3: Payroll jobs, by business size, June 2023 to June 2024



2. SME business conditions and SME confidence worsened in the September quarter

- NAB Small and Medium Enterprise (SME) business conditions declined 3 points and turned negative to -2 index points in the September 2024 quarter.
- Conditions for the smallest SMEs surveyed (\$2-3 million turnover) and mid-tier SMEs (\$3-5 million turnover) respectively decreased 1 and 4 index points and remained negative. Conditions for larger SMEs declined by 5 index points to 0.
- SME conditions were 4 index points lower than the conditions for all businesses.
- The largest decreases in SME conditions were in Transport & Storage (11 points), Wholesale (9 points), Retail (8 points), and Property Services (8 points). Partly offsetting was a notable rise in Business Services (up 16 points).
- SME confidence was negative for the 8th consecutive quarter and worsened considerably (down 8 points). SME confidence declined in all industries and only remains positive in Property Services and Business Services.

Figure 1: NAB SME business conditions & confidence, Sep 2018 to Sep 2024



5. Spotlight: Owner managers of unincorporated businesses

- According to the most recent ABS Jobs in Australia data (2021-22), there are 2.3 million owner managers of unincorporated businesses, including sole traders and members of partnerships or trusts.
 - Of the 1.1 million owner managers who reported their business sizes, almost all (99.96 per cent) were small businesses.
 - The number of owner managers of unincorporated businesses has increased 2.6 per cent annually between 2017-18 and 2021-22.
- Median 'own unincorporated business income' for owners of a micro business (0-4 employees) was \$18,717, for owners of a small business (5-19 employees) it was \$53,754. This compared to \$87,016 for owners of a medium business.
 - The median 'own unincorporated business income' for all owner managers (including those with missing business size) was \$11,553.
- 54.0 per cent of owner managers in 2021-22 hold multiple jobs and 20.1 per cent hold 3 jobs or more. The share of owner managers holding multiple jobs tends to increase over time and female owner managers are more likely to hold more jobs compared to male owner managers.
 - The median employment income (including unincorporated business income) was \$25,200 for owner managers holding one job, \$55,838 for those holding 2 jobs, and \$56,208 for those holding 3 jobs.
- In 2021-22, 16.0 per cent of owner managers are under 30 years old, 43.0 per cent are between 30 and 50 years old, and 41.0 per cent are over 50 years old.
- 57.8 per cent of owner managers are male and 42.2 per cent are female. 63.4 per cent of owner managers live in greater capital city areas while 36.6 per cent live in regional areas.

3. Small business metrics were mixed in the September quarter

- Xero's Australian Small Business Insights Report measures the overall performance of small businesses by tracking sales, time to be paid, jobs and wages. In the September 2024 quarter, sales growth slowed, and wages growth was level, but both remained positive, while jobs growth increased. Time to be paid increased slightly, returning to normal after EOFY finalisations had a positive impact on June quarter results.
- Sales grew 3.7 per cent in the September quarter year on year (yoy), 1.3 per cent slower than the June quarter. July sales rose 8.8 per cent yoy, possibly in response to income tax cuts. This was temporary, with sales only rising 0.3 per cent and 2.8 per cent yoy in August and September.
- Jobs rose 4.8 per cent yoy in the September quarter, up from 4.3 per cent yoy in the June quarter. Monthly August and September results (+5.0 and +5.8 per cent yoy) were the strongest since October 2022.
- Wages growth rose an average of 2.9 per cent yoy in the September quarter, similar to the 2.8 per cent yoy rise seen in the June quarter.

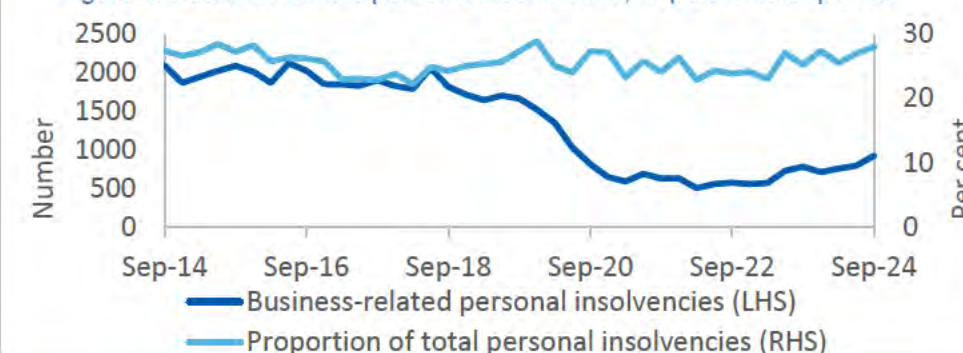
Figure 2: Xero sales and wages growth indicators, Sep 2020 to Sep 2024



6. Business-related personal insolvencies increased in the September quarter ^{nsa}

- The number of business-related personal insolvencies increased by 18.2 per cent yoy in the September quarter 2024 yet remained relatively low compared to pre COVID-19 levels.
- In the September quarter of 2024, there were 924 business-related personal insolvencies, representing 27.9 per cent of all personal insolvencies.
- The number of business-related personal insolvencies increased in all states and territories over the year. Compared to the June quarter, business-related personal insolvencies declined or remained level in Tas, NT and the ACT, while increasing in the remaining states.

Figure 4: Business-related personal insolvencies, Sep 2014 to Sep 2024



nsa indicates that data are not seasonally adjusted, where applicable

Small Business Update:

November 2024

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size (2023-24), businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,663,837 (62.5)		
Employing			
Micro (1 to 4)	693,558 (26.0)	3,019,000* (23.4)	351* (19.6)
Other Small (5 to 19)	232,200 (8.7)	2,349,000 (18.2)	239 (13.3)
Total small (0 to 19)	2,589,595 (97.2)	5,368,000 (41.5)	590 (32.9)
Medium (20 to 199)	68,214 (2.6)	3,184,000 (24.6)	410 (22.9)
Large (more than 200)	5,189 (0.2)	4,376,000 (33.8)	793 (44.2)
Total	2,662,998	12,928,000	1,793

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2023-24

- The number of small businesses increased by 69,176, or 2.7 per cent, to 2.59 million in 2023-24, driven by an increase in non-employing businesses (up 78,144). The number of employing small businesses fell (down 8,968).
- There were 88,950 newly established employing small businesses in 2023-24, and 54,743 employing small business cancellations over the period.
- There was 43,642 non-employing businesses growing into employing businesses and 77,425 employing businesses (all sizes) changed to non-employing businesses during 2023-24.
- Business numbers (all sizes) showed the largest increase in Transport, Postal and Warehousing (up 18,621 or 8.5 per cent) in 2023-24, followed by Health Care and Social Assistance (up 14,316 or 7.7 per cent). Agriculture, Forestry and Fishing and Retail Trade were two sectors that saw decreases in the number of businesses in 2023-24.
- On average, half of new businesses that entered the market in 2020-21 still survived after 3 years in 2023-24. The 3-year survival rate increases in the size of the new business. It was 46.2 per cent for non-employing businesses, 58.8 per cent for businesses with 1-4 employees, 63.3 per cent for businesses with 5-19 employees, and 70 to 80 per cent for larger businesses.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Australian Industry, Business Indicators, Labour Force Survey	Business counts, employment, gross operating profits	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2024	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia — comprised of small business jobs, sales, wages and time taken to be paid.	September quarter 2024	Expected early 2025	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 15 June 2024	23 January 2025	Box 4 and Figure 3
ABS Jobs in Australia	Counts of business owners, demographic characteristics, median business and employment incomes	2021-22	Expected late 2025	Box 5
AFSA Quarterly personal insolvency statistics	Business-related personal insolvencies	September quarter 2024	February 2025	Box 6 and Figure 4

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2023-24*

	Non- employing	1-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	<i>Total**</i>
NSW	537,650	259,979	75,508	873,137	21,550	1,873	896,560
Vic	483,514	176,808	58,542	718,864	17,639	1,412	737,915
Qld	312,614	134,743	48,130	495,487	14,076	881	510,444
SA	108,805	35,915	15,258	159,978	4,190	286	164,454
WA	162,971	60,186	24,067	247,224	7,604	568	255,396
Tas	26,580	10,963	5,042	42,585	1,359	85	44,029
NT	9,508	4,104	2,063	15,675	682	23	16,380
ACT	20,797	10,764	3,582	35,143	1,113	60	36,316
Other/ unknown	1,398	96	8	1,502	3	3	1,508
<i>Australia **</i>	1,663,837	693,558	232,200	2,589,595	68,214	5,189	2,662,998

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

Table 2: Employment ('000) by state/territory and size, 2022-23

	0-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total
NSW	1,022	783	1,805	1,036	1,379	4,220
Vic	792	610	1,401	857	1,105	3,363
Qld	607	465	1,072	611	864	2,548
SA	180	144	324	194	278	796
WA	295	238	532	350	558	1,440
Tas	57	49	106	55	79	239
NT	20	21	41	31	41	113
ACT	47	40	87	51	72	210
Australia	3,019	2,349	5,368	3,184	4,376	12,928

Table 3: Small business estimates* by state/territory based on tax return data, 2021-22

NSW	1,238,000
Vic	1,095,000
Qld	784,000
SA	284,000
WA	401,000
Tas	72,000
NT	22,000
ACT	55,000
Australia	3,951,000

* This table is a breakdown of small businesses with turnover less than \$10 million. There are data reliability issues with these state breakdowns – for example, where a business operates across state borders. This breakdown is provided for indicative purposes only. Income tax return data is not suitable to provide a reliable breakdown of businesses with aggregated turnover greater than \$10 million by state.

Small Business Data Placemat: January 2025

A spotlight on Australia's small business landscape

1. Sectoral insights: Retail Trade

- In 2023-24, there were 150,202 small businesses, accounting for 95.7 per cent of the total number of businesses in Retail Trade. Compared to 2022-23 the number of employing small retailers decreased by 3.4 per cent while the number of non-employing small retailers increased by 2.9 per cent.
 - The number of small businesses increased in Non-Store Retailing and Supermarket and Grocery Stores (both up 2.9 per cent) while declining in Other Store-Based Retailing* with the largest fall in Houseware Retailing (down 7.3 per cent).
- In 2022-23, private small businesses in retail employed 487,000 people, about one third of the sector's employment, and contributed \$39.0 billion (33.2 per cent) of the sector's output.
- The Retail Business Survey** showed that smaller retailers' turnover in the 12 months to November 2024 increased by 2.0 per cent compared to the prior year, slightly lower than that for larger retailers.
 - Smaller retailers' revenue increased in all sectors except for household goods retailing which experienced a year-on-year decline of 4.4 per cent in the 12 months to November 2024.
 - Smaller retailers' share of total turnover in the survey has declined from around 29 per cent in 2010-2019 to 22.9 per cent in 2023-24.

*Other store-based retailing includes all except motor vehicle and motor vehicle parts, fuel, and food.
 **The Retail Business Survey omits Motor Vehicle and Motor Vehicle Parts Retailing, Fuel Retailing, and Marine Equipment Retailing. The figures above additionally excludes Cafes, restaurants and takeaway food services.

2. SME business conditions and SME confidence worsened in the September quarter

- NAB Small and Medium Enterprise (SME) business conditions declined 3 points and turned negative to -2 index points in the September 2024 quarter.
- Conditions for the smallest SMEs surveyed (\$2-3 million turnover) and mid-tier SMEs (\$3-5 million turnover) respectively decreased 1 and 4 index points and remained negative. Conditions for larger SMEs declined by 5 index points to 0.
- SME conditions were 4 index points lower than the conditions for all businesses.
- The largest decreases in SME conditions were in Transport & Storage (11 points), Wholesale (9 points), Retail (8 points), and Property Services (8 points). Partly offsetting was a notable rise in Business Services (up 16 points).
- SME confidence was negative for the 8th consecutive quarter and worsened considerably (down 8 points). SME confidence declined in all industries and only remains positive in Property Services and Business Services.

Figure 1: NAB SME business conditions & confidence, Sep 2018 to Sep 2024



3. Small business metrics were mixed in the September quarter

- Xero's Australian Small Business Insights Report measures the overall performance of small businesses by tracking sales, time to be paid, jobs and wages. In the September 2024 quarter, sales growth slowed, and wages growth was level, but both remained positive, while jobs growth increased. Time to be paid increased slightly, returning to normal after EOFY finalisations had a positive impact on June quarter results.
- Sales grew 3.7 per cent in the September quarter year on year (yoy), 1.3 per cent slower than the June quarter. July sales rose 8.8 per cent yoy, possibly in response to income tax cuts. This was temporary, with sales only rising 0.3 per cent and 2.8 per cent yoy in August and September.
- Jobs rose 4.8 per cent yoy in the September quarter, up from 4.3 per cent yoy in the June quarter. Monthly August and September results (+5.0 and +5.8 per cent yoy) were the strongest since October 2022.
- Wages growth rose an average of 2.9 per cent yoy in the September quarter, similar to the 2.8 per cent yoy rise seen in the June quarter.

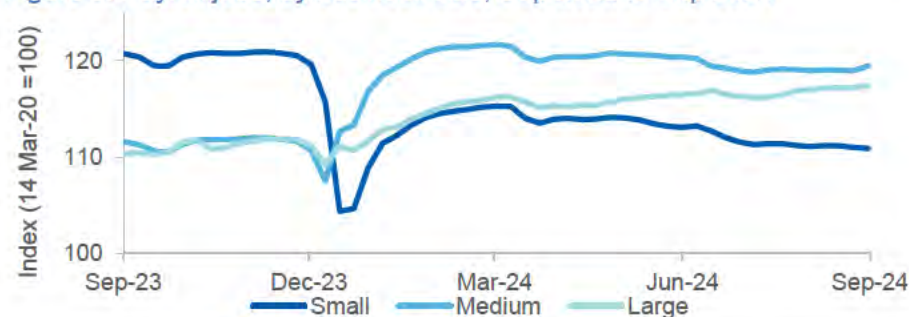
Figure 2: Xero sales and wages growth indicators, Sep 2020 to Sep 2024



4. Small business jobs slightly declined between June and September 2024^{nsa}

- ABS data shows small business payroll jobs in the week ending 14 September 2024 declined by 1.9 per cent from June 2024 and was 8.1 per cent lower than a year ago. By contrast, medium business jobs rose by 7.1 per cent and large business jobs rose by 6.3 per cent over the year.
- Whilst small business jobs increased far more substantially than for medium and large businesses from around mid 2021 to December 2023, they fell very sharply after Christmas in 2023 and now remain lower than 2022 levels.
- The payroll job changes between June and September 2024 were influenced by growth in Public Administration & Safety, and decreases in Administrative & Support Services and Agriculture, Forestry & Fishing.
- Small business payroll jobs decreased over the 12 months to September 2024 in all state and territories. The largest fall was in Vic (down 10.2 per cent), followed by NT (down 9.6 per cent) and NSW (down 8.1 per cent).

Figure 3: Payroll jobs, by business size, Sep 2023 to Sep 2024



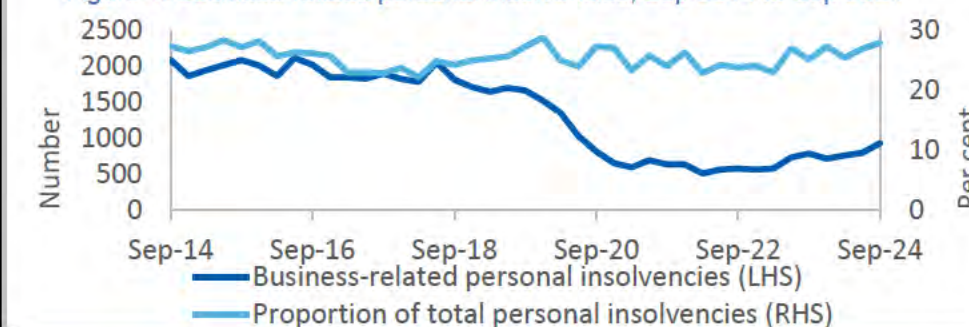
5. Spotlight: Scotpac SME growth index

- The Scotpac SME Growth Index indicated that in October 2024, 56 per cent of the 726 surveyed SMEs projected positive revenue growth in the six months to March 2025 with an average growth forecast of 9.3 per cent. At the same time, 34 per cent of SMEs are predicting declining revenue. The average forecasted decline was 12.6 per cent, increasing from the projection in March 2024.
 - The gap between the highest and lowest revenue growth projections across surveyed SMEs has widened to its largest-ever margin of 45 percentage points, from +17 per cent to -28 per cent.
- In October 2024, 60 per cent of surveyed SMEs plan to make new investment and 94 per cent of SMEs were seeking new capital in the next six months.
 - The proportion of SMEs planning to fund new investment with non-bank lending increased by 15 per cent yoy to 54 per cent. The proportion of SMEs planning to fund new investment from their main relationship bank or a peer decreased to 35 per cent from 47 per cent last year.
 - In addition to lending, 34 per cent of SMEs intend to raise new equity in the next 6 months.
- 90 per cent of surveyed SMEs expressed that increases in the national minimum wage, award wage rates and the superannuation guarantee were negatively affecting their cash flow.
- Three-quarters of surveyed SMEs identified staffing issues, including hiring and firing regulations (32 per cent), leave provisions (12 per cent), and working from home (10 per cent) as the primary obstacles to increasing productivity.

6. Business-related personal insolvencies increased in the September quarter^{nsa}

- The number of business-related personal insolvencies increased by 18.2 per cent yoy in the September quarter 2024 yet remained relatively low compared to pre COVID-19 levels.
- In the September quarter of 2024, there were 924 business-related personal insolvencies, representing 27.9 per cent of all personal insolvencies.
- There were 3,108 business-related personal insolvencies in the 12 months to October 2024. The Construction sector accounts for the largest share of the total business-related personal insolvencies (23.5 per cent), followed by Other Services (13.4 per cent) and Accommodation & Food Services (8.8 per cent).

Figure 4: Business-related personal insolvencies, Sep 2014 to Sep 2024



^{nsa} indicates that data are not seasonally adjusted, where applicable

Small Business Update:

January 2025

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size (2023-24), businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,663,837 (62.5)		
Employing			
Micro (1 to 4)	693,558 (26.0)	3,019,000* (23.4)	351* (19.6)
Other Small (5 to 19)	232,200 (8.7)	2,349,000 (18.2)	239 (13.3)
Total small (0 to 19)	2,589,595 (97.2)	5,368,000 (41.5)	590 (32.9)
Medium (20 to 199)	68,214 (2.6)	3,184,000 (24.6)	410 (22.9)
Large (more than 200)	5,189 (0.2)	4,376,000 (33.8)	793 (44.2)
Total	2,662,998	12,928,000	1,793

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2023-24

- The number of small businesses increased by 69,176, or 2.7 per cent, to 2.59 million in 2023-24, driven by an increase in non-employing businesses (up 78,144). The number of employing small businesses fell (down 8,968).
- There were 88,950 newly established employing small businesses in 2023-24, and 54,743 employing small business cancellations over the period.
- There was 43,642 non-employing businesses growing into employing businesses and 77,425 employing businesses (all sizes) changed to non-employing businesses during 2023-24.
- Small business numbers showed the largest increase in Transport, Postal and Warehousing (up 18,549 or 8.6 per cent) in 2023-24, followed by Health Care and Social Assistance (up 13,458 or 7.5 per cent). Agriculture, Forestry and Fishing and Retail Trade were two sectors that saw decreases in the number of small businesses in 2023-24.
- On average, half of new businesses that entered the market in 2020-21 still survived after 3 years in 2023-24. The 3-year survival rate increases in the size of the new business. It was 46.2 per cent for non-employing businesses, 58.8 per cent for businesses with 1-4 employees, 63.3 per cent for businesses with 5-19 employees, and 70 to 80 per cent for larger businesses.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Australian Industry, ABS Retail Trade	Business counts, employment, business turnover	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value above or below 0 indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	September quarter 2024	Multiple	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business Index, Australia — comprised of small business jobs, sales, wages and time taken to be paid.	September quarter 2024	Expected early 2025	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 14 September 2024	24 April 2025	Box 4 and Figure 3
Scotpac SME Growth Index	SME revenue growth, financial indicators, growth barriers	October 2024	Expected mid 2025	Box 5
AFSA Quarterly and Monthly Personal Insolvency Statistics	Business-related personal insolvencies	October 2024	February 2025	Box 6 and Figure 4

Small Business Data Placemat: February 2025

A spotlight on Australia's small business landscape

1. Sectoral insights: Construction

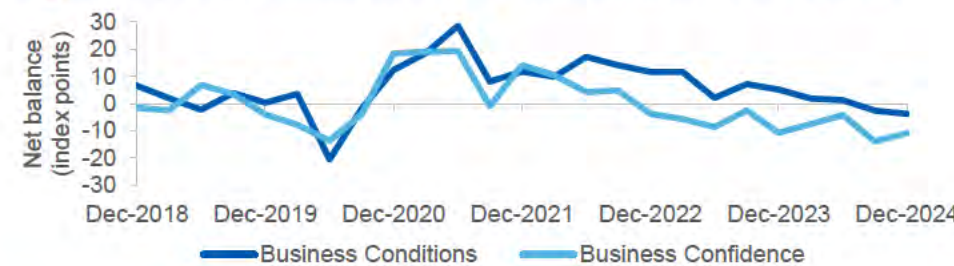
- Construction is the sector with the largest number of small businesses (17.2 per cent). In 2023-24, there were 446,362 small businesses operating in the sector, this increased by 2.0 per cent compared to 2022-23.
- In 2022-23, small construction businesses employed 806,000 people, accounting for 64.5 per cent of the sector employment and ranked first in the number of jobs created by small businesses.
- In 2022-23, small construction businesses generated \$86.7 billion of industry value added, 53.2 per cent of the sector industry value added.
- In the 12 months to the September 2024 quarter, the Construction sector generated company gross operating profits (GOP) of \$30.6 billion, and unincorporated GOP of \$4.6 billion. Company GOP increased by 2.9 per cent whilst unincorporated GOP decreased by 49.6 per cent compared to the 12 months to the September 2023 quarter.
- Construction accounts for the largest share (25 per cent) of the total corporate insolvencies in 2024. There were 3,394 corporate insolvencies (all business sizes) in the sector in the calendar year 2024, increased 33.3 per cent compared to 2023.
- The sector also accounts for the largest share in the business-related personal insolvencies (23.5 per cent) with 720 insolvencies in the 12 months to the September 2024 quarter.

* Due to data availability issues, this sectoral insight relates to all businesses (unless otherwise indicated). Despite this, the data provides an indication of the small business environment.

2. SME business conditions and SME confidence remained negative in the December quarter

- NAB Small and Medium Enterprise (SME) business conditions declined slightly from -3 index points to -4 index points in the December 2024 quarter.
- Conditions for the smallest SMEs surveyed (\$2-3 million turnover) decreased by 3 points whilst conditions for mid-tier SMEs (\$3-5 million turnover) increased by 1 index point. Conditions for larger SMEs declined by 2 index points to -2.
- SME conditions were 7 index points lower than conditions for all businesses.
- The largest decreases in SME conditions were in Business Services (18 points, offsetting the 16 point rise in Q3), Finance (6 points), Construction (4 points). Conditions are weakest in Manufacturing, Accommodation and Retail.
- SME confidence was negative for the 9th consecutive quarter with a small increase of 3 points. Transport was the only industry with confidence above 0 (+1 index point) in the December quarter.

Figure 1: NAB SME business conditions & confidence, Dec 2018 to Dec 2024



3. Small business metrics were mixed in the September quarter

- Xero's Australian Small Business Insights Report measures the overall performance of small businesses by tracking sales, time to be paid, jobs and wages. In the September 2024 quarter, sales growth slowed, and wages growth was level, but both remained positive, while jobs growth increased. Time to be paid increased slightly, returning to normal after EOFY finalisations had a positive impact on June quarter results.
- Sales grew 3.7 per cent in the September quarter year on year (yoy), 1.3 per cent slower than the June quarter. July sales rose 8.8 per cent yoy, possibly in response to income tax cuts. This was temporary, with sales only rising 0.3 per cent and 2.8 per cent yoy in August and September.
- Jobs rose 4.8 per cent yoy in the September quarter, up from 4.3 per cent yoy in the June quarter. Monthly August and September results (+5.0 and +5.8 per cent yoy) were the strongest since October 2022.
- Wages growth rose an average of 2.9 per cent yoy in the September quarter, similar to the 2.8 per cent yoy rise seen in the June quarter.

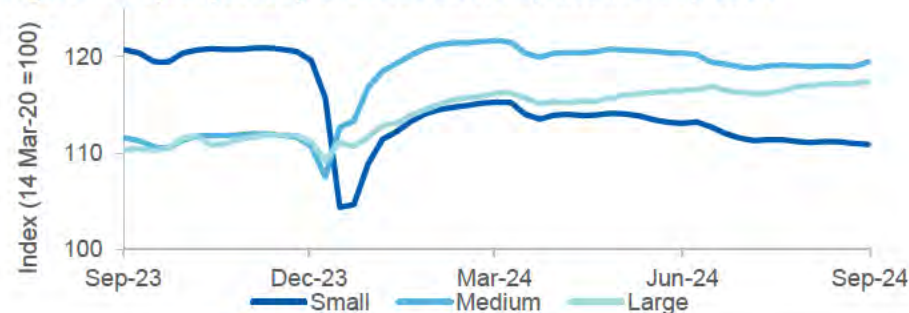
Figure 2: Xero sales and wages growth indicators, Sep 2020 to Sep 2024



4. Small business jobs slightly declined between June and September 2024^{nsa}

- ABS data shows small business payroll jobs in the week ending 14 September 2024 declined by 1.9 per cent from June 2024 and was 8.1 per cent lower than a year ago. By contrast, medium business jobs rose by 7.1 per cent and large business jobs rose by 6.3 per cent over the year.
- Whilst small business jobs increased far more substantially than for medium and large businesses from around mid 2021 to December 2023, they fell very sharply after Christmas in 2023 and now remain lower than 2022 levels.
- The payroll job changes between June and September 2024 were influenced by growth in Public Administration & Safety, and decreases in Administrative & Support Services and Agriculture, Forestry & Fishing.
- Small business payroll jobs decreased over the 12 months to September 2024 in all state and territories. The largest fall was in Vic (down 10.2 per cent), followed by NT (down 9.6 per cent) and NSW (down 8.1 per cent).

Figure 3: Payroll jobs, by business size, Sep 2023 to Sep 2024



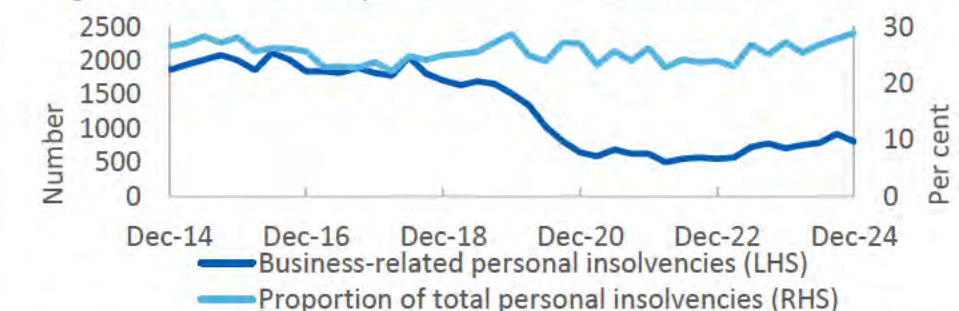
5. Spotlight: Small business R&D spending

- Small businesses play a significant part in Australia's R&D landscape. The ABS Business expenditure on R&D (BERD) shows that in 2021-22, small businesses (under 20 employees) spent almost \$5.0 billion on R&D, accounting for 24.0 per cent of the total business R&D expenditure. This was an increase from 22.9 per cent in 2019-20.
 - At the division level, Professional, scientific and technical services sector account for 52.1 per cent of the small business R&D expenditure, followed by Manufacturing (15.3 per cent) and Information media and telecommunications (3.8 per cent).
 - More specifically, 37 per cent of R&D was in general 'Scientific research services' and 'Engineering design' while 15 per cent of R&D expenditure was in 'Computer system design'.
- The prevalence of small business can also be seen in their use of tax incentives. According to the ATO R&D tax incentive transparency report 2021-22, there were 5,574 small businesses (companies with turnover of less than \$10 million) claiming for R&D expenditures under the R&D tax incentive. This accounts for 48 per cent of the total claimants.
- According to Intellectual Property (IP) Australia, the SME share of national R&D spend has risen to 55 per cent in 2022 from around 30 per cent in 2007. There has also been a significant relative shift in the holding of patents between SMEs and large firms. Between 2002 and 2022, the number of patent-holding SMEs has increased at a rate five times faster than those without patents – a pattern not observed among large firms.

6. Business-related personal insolvencies increase y-o-y in the December quarter^{nsa}

- The number of business-related personal insolvencies decreased by 12.4 per cent over the December quarter 2024 but increased by 13.5 per cent yoy relative to December quarter 2023.
- In the December quarter of 2024, there were provisionally 809 business-related personal insolvencies, representing 29 per cent of all personal insolvencies.
- There were 3,284 business-related personal insolvencies in the 12 months up to and including December 2024. The Construction sector accounts for the largest share of the total business-related personal insolvencies (23.6 per cent), followed by Other Services (12.8 per cent) and Transport, Postal and Warehousing (8.3 per cent).

Figure 4: Business-related personal insolvencies, Dec 2014 to Dec 2024



^{nsa} indicates that data are not seasonally adjusted, where applicable

Small Business Update:

February 2025

Number and share of businesses and workers by business size and definitions

Table 1: ABS definition & estimates

No. & share of businesses & workers, by size (2023-24), businesses, employment and industry value added (IVA)

Business size (by employing)	Total businesses & share of total (per cent)	Total employees & share of total (per cent)	IVA (\$ billions) & share of total (per cent)
Non-employing	1,663,837 (62.5)		
Employing			
Micro (1 to 4)	693,558 (26.0)	3,019,000* (23.4)	351* (19.6)
Other Small (5 to 19)	232,200 (8.7)	2,349,000 (18.2)	239 (13.3)
Total small (0 to 19)	2,589,595 (97.2)	5,368,000 (41.5)	590 (32.9)
Medium (20 to 199)	68,214 (2.6)	3,184,000 (24.6)	410 (22.9)
Large (more than 200)	5,189 (0.2)	4,376,000 (33.8)	793 (44.2)
Total	2,662,998	12,928,000	1,793

ABS Counts of Australian Businesses, including Entries and Exits, and ABS Australian Industry. The ABS defines a small business as an entity with fewer than 20 employees.

* For employment and IVA, micro businesses include those who are non-employing.

Table 2: Estimates based on tax return data

No. & share of businesses by turnover, 2021-22

Business size (by turnover)	Total businesses & share of total (per cent)
Small (less than \$10m)	3,952,000 (99.1)
Medium (\$10m to \$50m)	29,000 (0.7)
Large (more than \$50m)	8,000 (0.2)
Total	3,989,000

Table 3: Estimates based on tax return data

No. & share of small businesses by incorporation status, 2021-22

	Number & share of small businesses (per cent)
Incorporated small businesses	1,190,000 (30)
Unincorporated small businesses	2,799,000 (70)

Table 4: Estimates based on tax return data

No. & share of partnerships and individual/sole traders, 2021-22

	Number & share of small businesses (per cent)
Partnerships	266,000 (7)
Individual/Sole Traders	1,547,000 (39)

Tables 2,3 & 4: Treasury estimates based on 2021-22 income tax returns. Small business entities refers to tax filing companies, trusts, partnerships, and individuals reporting business income (sole traders) with income under \$10 million. Disaggregated statistics may not add to the aggregate due to rounding.

Small business numbers continue to increase, driven by non-employing businesses in 2023-24

- The number of small businesses increased by 69,176, or 2.7 per cent, to 2.59 million in 2023-24, driven by an increase in non-employing businesses (up 78,144). The number of employing small businesses fell (down 8,968).
- There were 88,950 newly established employing small businesses in 2023-24, and 54,743 employing small business cancellations over the period.
- There was 43,642 non-employing businesses growing into employing businesses and 77,425 employing businesses (all sizes) changed to non-employing businesses during 2023-24.
- Small business numbers showed the largest increase in Transport, Postal and Warehousing (up 18,549 or 8.6 per cent) in 2023-24, followed by Health Care and Social Assistance (up 13,458 or 7.5 per cent). Agriculture, Forestry and Fishing and Retail Trade were two sectors that saw decreases in the number of small businesses in 2023-24.
- On average, half of new businesses that entered the market in 2020-21 still survived after 3 years in 2023-24. The 3-year survival rate increases in the size of the new business. It was 46.2 per cent for non-employing businesses, 58.8 per cent for businesses with 1-4 employees, 63.3 per cent for businesses with 5-19 employees, and 70 to 80 per cent for larger businesses.

Table of Sources

Source	Key indicator (measure)	Latest data available	Next release	Box/Figure/Table
ABS Counts of Australian Businesses, Including Entries and Exits, ABS Australian Industry, ABS Business Indicators, ASIC Insolvency Statistics, AFSA Insolvencies Statistics	Business counts, employment, gross operating profit, insolvencies	Multiple	Multiple	Box 1
NAB Quarterly SME Business Survey, NAB Quarterly Business Survey	SME conditions and confidence — a value indicates whether businesses have on balance a positive or negative outlook on operating conditions and confidence.	December quarter 2024	April 2025	Box 2 and Figure 1
Xero Small Business Insights, Small Business Index for Australia	Xero Small Business indicators for small business jobs, sales, wages and time taken to be paid.	September quarter 2024	Expected early 2025	Box 3 and Figure 2
ABS Weekly Payroll Jobs and Wages in Australia	Payroll jobs by business size and State/Territory	Week ending 14 September 2024	24 April 2025	Box 4 and Figure 3
ABS Business R&D, ATO R&D Tax Incentive Transparency Report, IP Australia Structural Change in Patenting Behaviour Report	R&D spending, RD tax incentive claims, number of businesses holding patents	2021-22	Multiple	Box 5
AFSA Quarterly and Monthly Personal Insolvency Statistics	Business-related personal insolvencies	December 2024	28 February 2025	Box 6 and Figure 4

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2023-24*

	Non- employing	1-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total**
NSW	537,650	259,979	75,508	873,137	21,550	1,873	896,560
Vic	483,514	176,808	58,542	718,864	17,639	1,412	737,915
Qld	312,614	134,743	48,130	495,487	14,076	881	510,444
SA	108,805	35,915	15,258	159,978	4,190	286	164,454
WA	162,971	60,186	24,067	247,224	7,604	568	255,396
Tas	26,580	10,963	5,042	42,585	1,359	85	44,029
NT	9,508	4,104	2,063	15,675	682	23	16,380
ACT	20,797	10,764	3,582	35,143	1,113	60	36,316
Other/ unknown	1,398	96	8	1,502	3	3	1,508
Australia **	1,663,837	693,558	232,200	2,589,595	68,214	5,189	2,662,998

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

Table 2: Employment ('000) by state/territory and size, 2023-24

	0-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total
NSW	1,000	733	1,733	1,085	1,469	4,287
Vic	762	567	1,329	897	1,167	3,393
Qld	604	442	1,045	669	916	2,630
SA	176	134	310	203	308	822
WA	297	228	524	374	596	1,494
Tas	55	45	99	62	82	243
NT	21	19	40	32	44	116
ACT	45	39	83	55	74	211
Australia	2,958	2,206	5,165	3,375	4,656	13,196

Table 3: Small business counts of tax filers* by state/territory based on tax return data, 2022-23

State/territory	Counts of tax filers
NSW	1,281,000
Vic	1,148,000
Qld	817,000
SA	295,000
WA	419,000
Tas	73,000
NT	22,000
ACT	58,000
Australia	4,115,000

* This table is a breakdown of small businesses with turnover less than \$10 million. There are data reliability issues with these state breakdowns – for example, where a business operates across state borders. This breakdown is provided for indicative purposes only. Income tax return data is not suitable to provide a reliable breakdown of businesses with aggregated turnover greater than \$10 million by state.

Small Business Data Placemat: May 2025

Small business at a glance

Industry Value Added

\$596.0 bn

Share of total 32.5%

In Financial Year 2023-24

Employment

5.2 m

Share of total 39.1%

In Financial Year 2023-24

No. Small Businesses

2.6 m

Entries +435K

Exits -361K

Reclassification -5K

Net Change +69K

In Financial Year 2023-24

Small Business Owners

1.6 m

Male 65.1%

Female 34.9%

First Nations 1.1%

Migrant 34.0%

As at 10/08/2021

Sources: Industry Value Added (IVA) and Employment from *ABS Australian Industry Statistics (2023-24)*
No. of Small Businesses from *ABS Counts of Australian Businesses, including Entries and Exits (2023-24)*
Small Businesses Owners from *ABS Census (2021)*

Small business policy & programs

NewAccess for Small Business Owners

5,623

Total Attended Assessments

Last Month +123

As at 30/04/2025

Small Business Debt Helpline

14,377

Total Cases

Last Month +515

As at 30/04/2025

Digital Solutions 2

9,615

Small Businesses Engaged

Last 3 months +743

As at 31/03/2025

Cyber Wardens

8,171

Program Graduates

Last 3 months +4,517

As at 31/01/2025

Cyber Resilience

564

Total Engagements

Last 3 months +343

As at 31/03/2025

1. Small business conditions and confidence improved in Q1 2025 (NAB Quarterly SME Survey - Q1 2025)

SME Conditions (Qtr-on-Qtr)

+2.5

SME Confidence (Qtr-on-Qtr)

+3.8

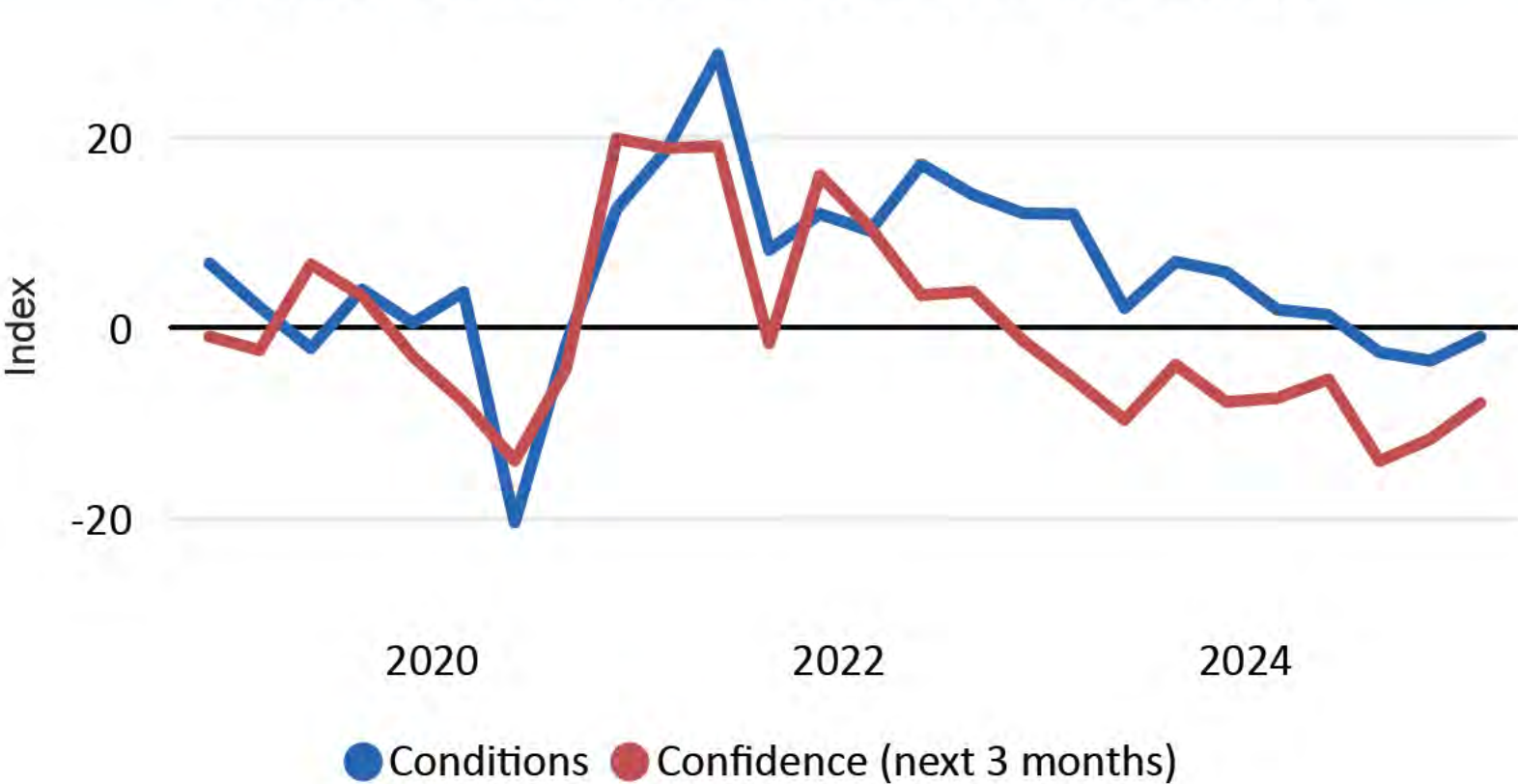
Gap between SME & National Conditions

-2.7

Conditions and confidence have risen in the latest quarter for small to medium enterprises (SMEs) but still remain below historical levels. Conditions for SMEs are **2.7 index points lower than for larger firms** captured in the NAB Quarterly Business Survey.

SME conditions were strongest in **Transport and Storage (+15.7)**, **Retail (+8.6)** and **Hospitality(+8.2)**. Conditions decreased in only 2 industries; **Business Services (-9.8)** and **Finance (-3.2)**.

Chart 1: NAB SME business conditions & confidence



2. Corporate insolvency rate below long-term average in year to March 2025 (ASIC Insolvency Statistics)

Corporate Insolvencies : (12 months to March 2025)

14,185

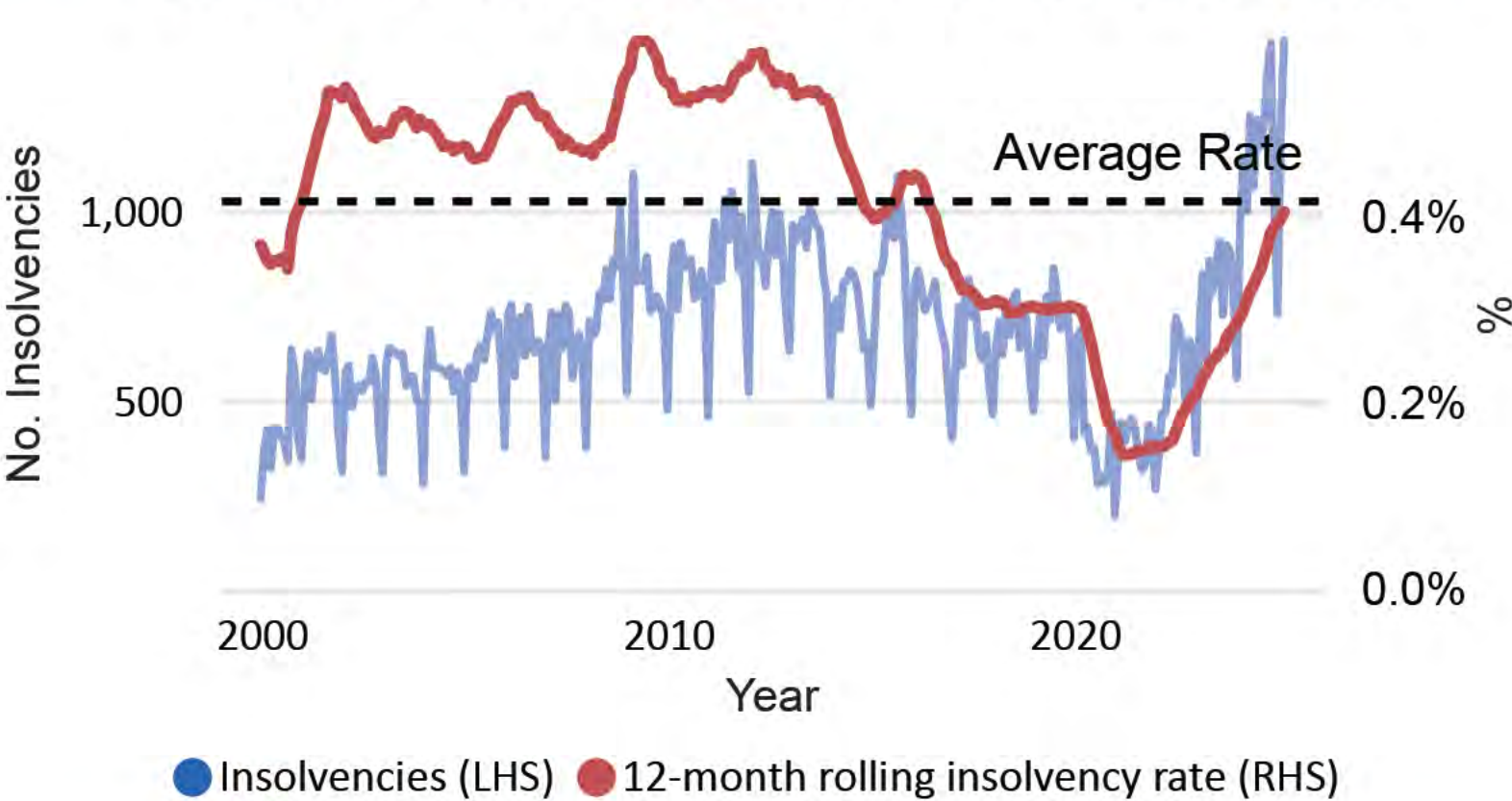
Mar 2025 to Mar 2024: Year-on-year growth

27.4%

There have been **14,185 corporate insolvencies** in the 12 months to March 2025. The number of insolvencies in March 2025 was **27.4% higher than a year ago** in March 2024.

As the number of corporations generally increases, it is better to consider insolvencies as a share of total registered corporations. **The 12-month rolling insolvency rate is currently lower than the long-term average rate of 0.42%** (Chart 2).

Chart 2: Monthly corporate insolvencies and insolvency rate



3. Small business contribution to private sector IVA steady at around 32.5% (ABS, Australian Industry)

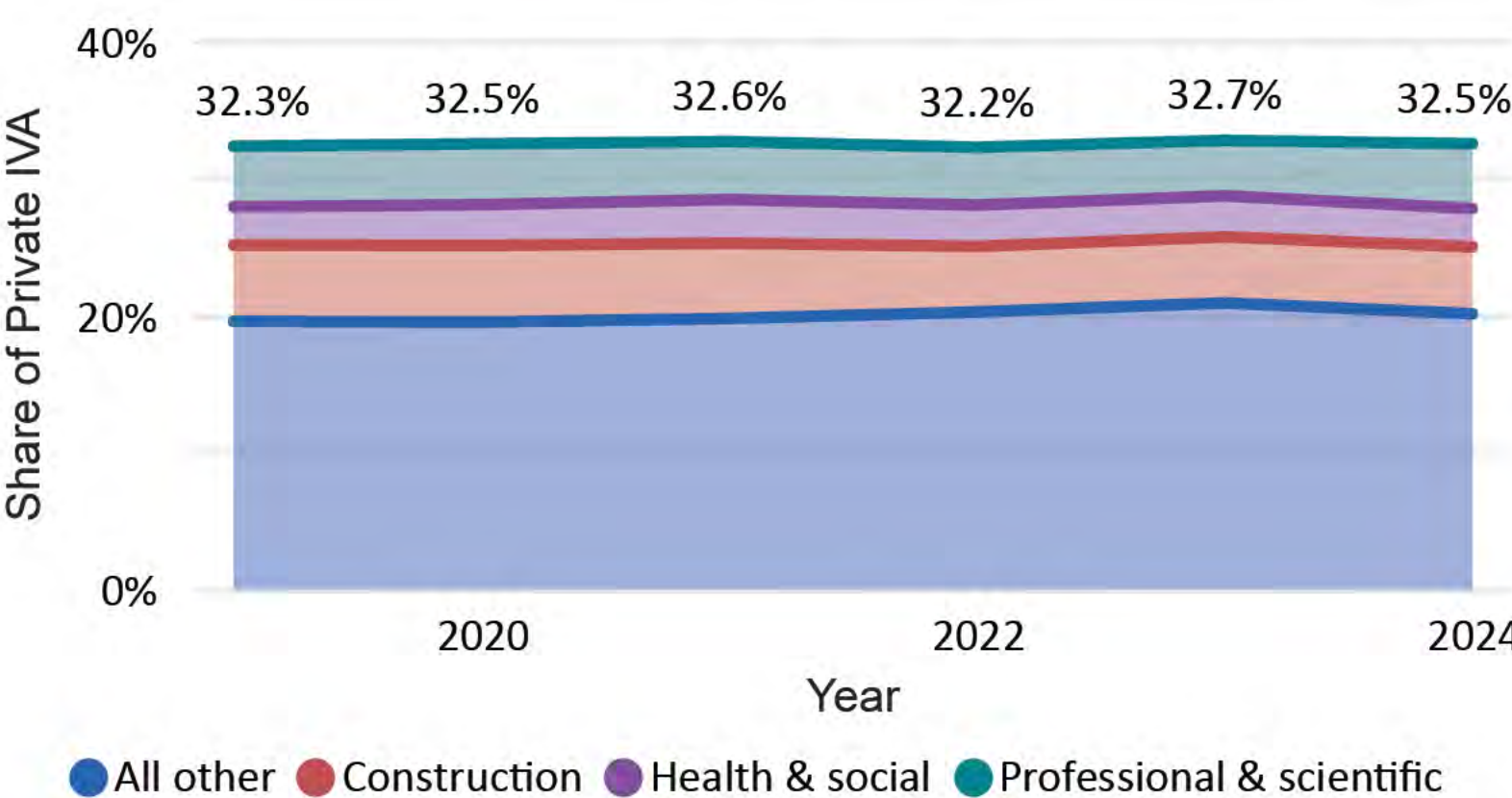
Small businesses generated **\$596.0 billion of Industry Value Added (IVA)** in 2023-24, an increase of 1.6 per cent (\$9.5 billion) from 2022-23. This accounted for **32.5% of total private sector IVA**.

- Professional, Scientific and Technical Services saw the largest increase in small business IVA (+\$14.1 billion) while Agriculture, Forestry and Fishing saw the largest decrease in IVA (-7.8 billion) in 2024.

Small business (private sector) employment **decreased by 125,000 employees** compared to 2023.

- Health Care and Social Assistance experienced the largest decrease in employment (-73,000 people), followed by Accommodation and Food Services (-39,000 people). Professional, Scientific and Technical Services saw the largest growth in employment (26,000 people).

Chart 3: Small business contribution to IVA by industry



SMALL BUSINESS DEFINITIONS

Agency	Definition
ABS	Employs less than 20 people
APRA	Annual revenue under \$75 million. Exposure to borrower is less than \$1.5 million
ASBFEO	Turnover under \$5 million or less than 100 employees
ASIC	Consolidated revenue is below \$25 million; gross assets are under \$12.5 million or less than 50 employees.
ATO	Aggregate turnover below \$10 million
Australian Information Commissioner	Annual turnover under \$3 million
Fair Work Commission	Employs less than 15 people
OECD	Employs less than 50 people

COMMON SMALL BUSINESS STRUCTURES

Unincorporated - Sole Traders

A sole trader is legally responsible for all aspects of their business. Taxes paid at the marginal personal income tax rate.

Unincorporated - Partnerships

Two or more people who distribute income or losses from business between themselves. Not a taxable entity.

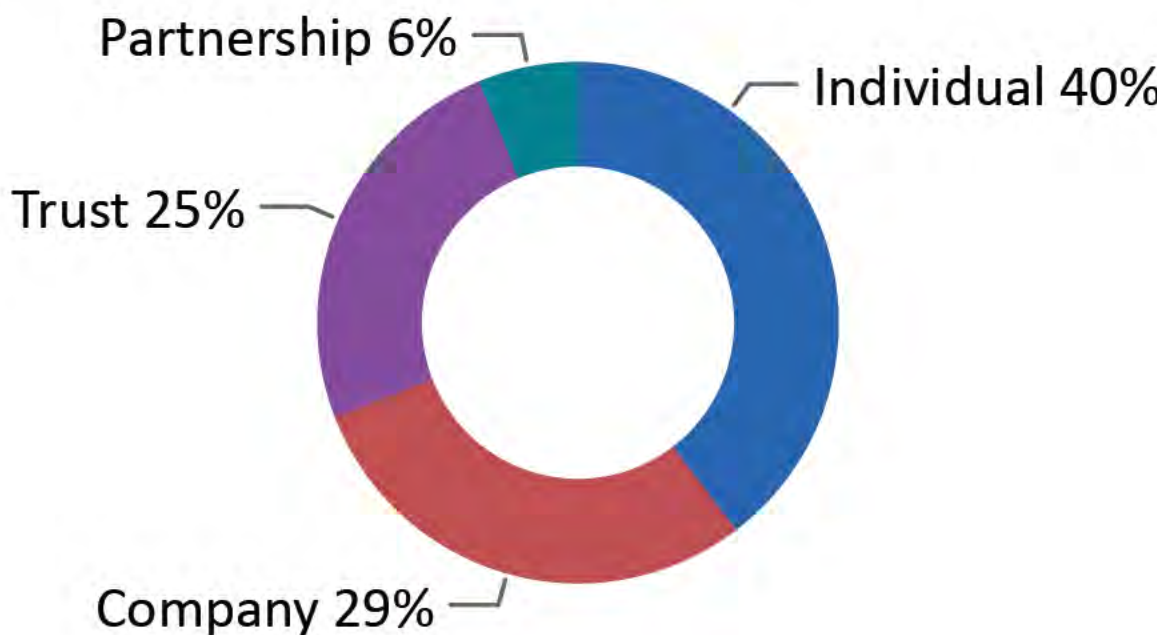
Unincorporated - Trusts

A trustee holds a business for the benefit of its beneficiaries. A trustee can be a person or company. Not a taxable entity.

Incorporated - Companies

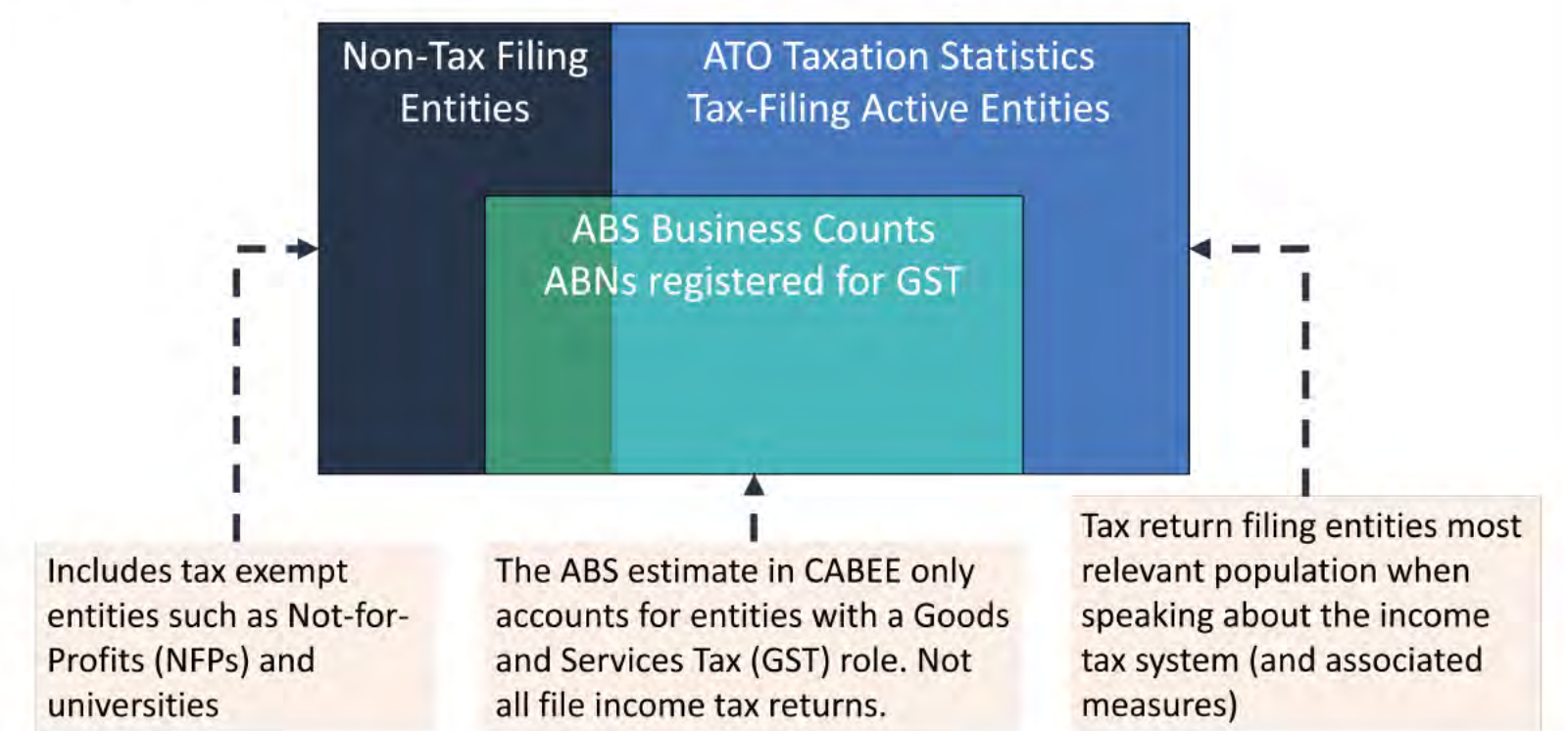
The business serves as separate legal entity from the individual. Companies pay company income tax at 25% if they earn less than \$50 million in annual turnover, and 30% otherwise.

Small business tax filers (by structure)(2022-23)



SMALL BUSINESS COUNTS

Official statistics (ABS, ATO) count business based on active entities on the Australian Business Register (ABR). Different organisations will use different criteria to count small businesses.



ATO Taxation Statistics (2022-23): Counts of tax filers*

Business size	Incorporated	Unincorporated	Total
under \$10m	1,214,000	2,901,000	4,115,000
\$10m and over	32,000	8,000	41,000
Total	1,246,000	2,910,000	4,156,000

*Disaggregated statistics may not add to total due to rounding

Treasury estimates based on income tax returns. Small business entities refer to companies, trusts, partnerships and individuals reporting business income with annual turnover below \$10 million that file a tax return.

ABS Counts of Australian Businesses, including Entries and Exits (CABEE) (2023-24)

No. Employees	Business Counts
Non-employing	1,663,837
1-4	693,558
5-19	232,200
20-199	68,214
200+	5,189
Total	2,662,998

Based on entities on the ABR registered for GST. Small business defined based on employee head count of less than 20.

INSOLVENCIES

Corporate insolvencies (Monthly)	Business-related personal insolvencies (Quarterly)
1,448	847
Mar 2024 to Mar 2025: +27.4%	Mar 2024 to Mar 2025: +11.7%
As at: 31/03/2025	As at: 31/03/2025

Source: ASIC Corporate Insolvency Statistics, AFSA Personal Insolvency Statistics

There are two types of business-related insolvency – corporate insolvencies (when a company becomes insolvent) and business-related personal insolvency (when an individual who is or has been in business becomes insolvent).

Available data covers all business sizes. Neither corporate insolvency or business-related personal insolvency data is readily available by the size of the underlying business.

Insolvencies do not necessarily equate to business closures. For example, small businesses entering corporate insolvency increasingly use the small business restructuring process to remain in business.

DATA SOURCES & UPCOMING RELEASES

Source	Next Release
RBA - Interest rates by business size and loan type	Friday, 6 June 2025
ASIC - Corporate Insolvency Statistics	Monday, 9 June 2025
NAB - Monthly Business Survey	Tuesday, 10 June 2025
RBA - Outstanding loans by business size	Thursday, 12 June 2025
AFSA - Monthly Personal Insolvency Statistics	Monday, 30 June 2025
ABS - Weekly Payroll Jobs	Thursday, 24 July 2025
NAB - Quarterly Business Survey	Thursday, 24 July 2025
NAB - Quarterly SME Business Survey	Thursday, 31 July 2025

Small Business Data Placemat: June 2025

Small business at a glance

Industry Value Added

\$596.0 bn

Share of total 32.5%

In financial year 2023-24

Employment

5.16 m

Share of total 39.1%

In financial year 2023-24

No. Small Businesses

2.62 m

Entries 114,670

Exits -94,321

Net change +20,866

March quarter 2025

Small Business Owners

1.57 m

Female 34.9%

First Nations 1.1%

Migrant 34.0%

As at 10/08/2021

Sources:

- Industry Value Added (IVA) and Employment from ABS Australian Industry Statistics (2023-24)
- No. of Small Businesses from ABS Counts of Australian Businesses, including Entries and Exits (2023-24)
- Small Businesses Owners from ABS Census (2021)

Small business policy & programs

NewAccess for Small Business Owners

5,758

Total attended assessments

Last month +135

As at 31/05/2025

Small Business Debt Helpline

14,980

Total cases

Last month +603

As at 31/05/2025

Digital Solutions 2

9,615

Small businesses engaged

Last 3 months +1,480

As at 31/03/2025

Cyber Wardens

8,171

Program graduates

Last 3 months +4,517

As at 31/01/2025

Cyber Resilience

564

Total engagements

Last 3 months +343

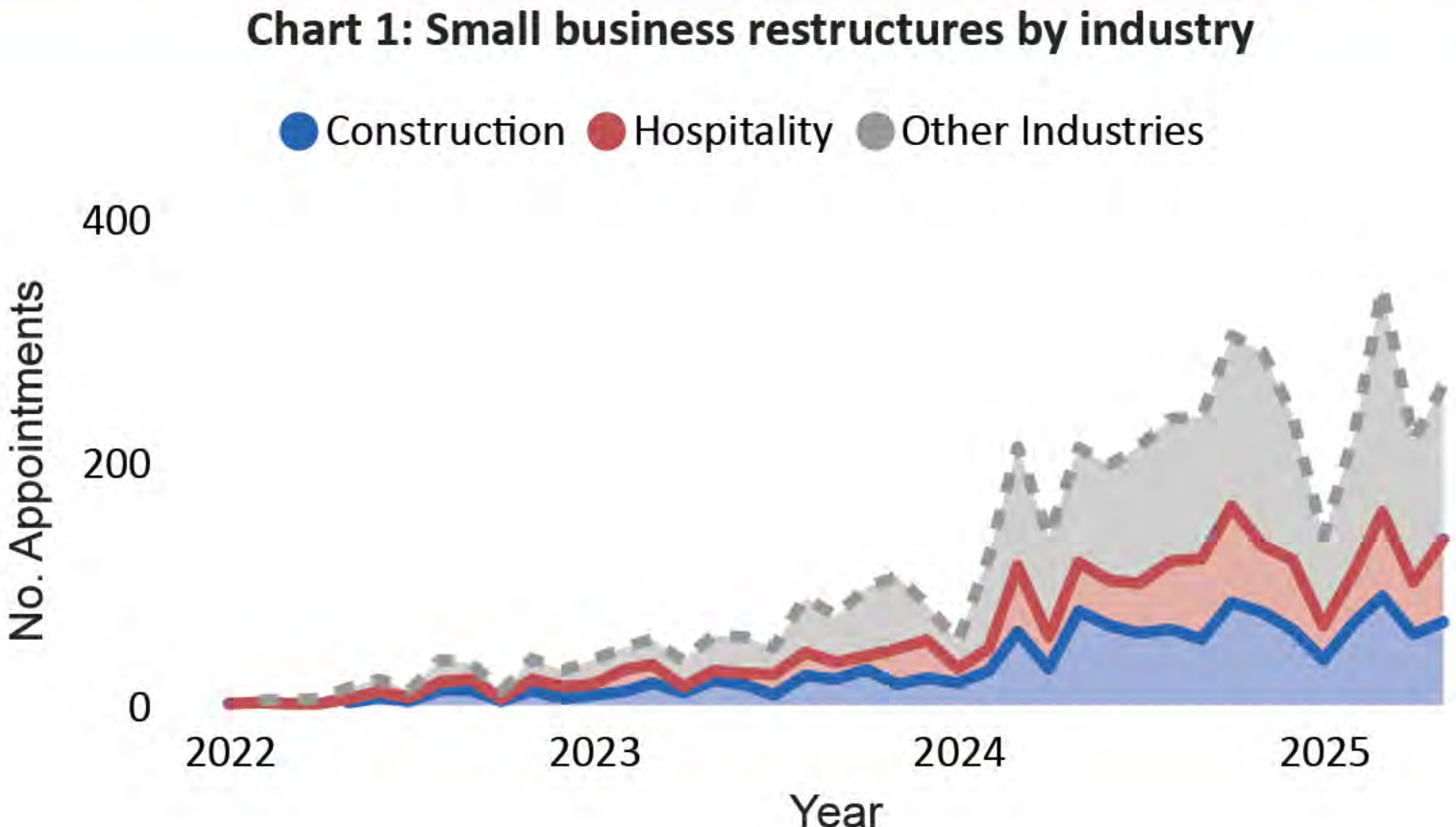
As at 31/03/2025

1. Hospitality and construction sectors drive uptake of small business restructuring arrangements (ASIC)

Companies entering insolvencies are increasingly using the small business restructuring (SBR) process. This is a simplified debt restructuring process introduced in 2021 for companies with under \$1 million in liabilities, making it easier for these businesses to survive.

Companies using the SBR accounted for **17.7 per cent of the 1,225 corporate insolvencies** in April 2025. ASIC's review of the SBR released on 27 June reported that **93 per cent of companies** that fulfilled an SBR plan by 31 March 2025 remain registered as of 30 April.

Small businesses in the **construction and hospitality sector** accounted for **26.7% and 19.8%** of SBRs respectively in April 2025.



2. Business-related personal insolvency growth has passed its peak (AFSA - March quarter 2025)

Business-related personal insolvencies (12 months to March 2025)

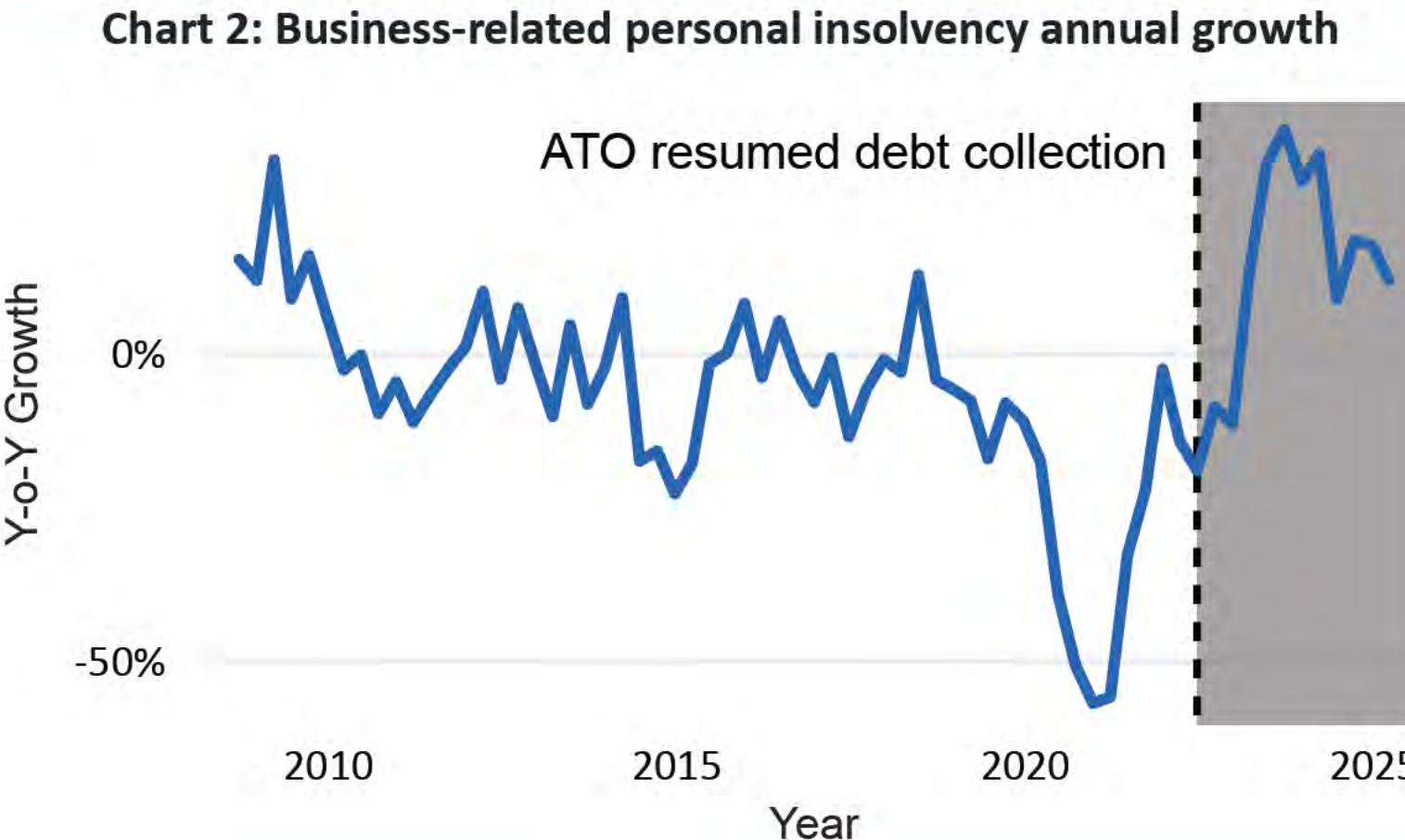
3,401

March 2025 on March 2024

11.74%

Business-related personal insolvencies have **remained steady over the last 3 quarters** (924 - Sept 24; 837 - Dec 24; and 847 - Mar 25). This is reflected in the year-on-year growth rates starting to slow since hitting their peak in September 2023.

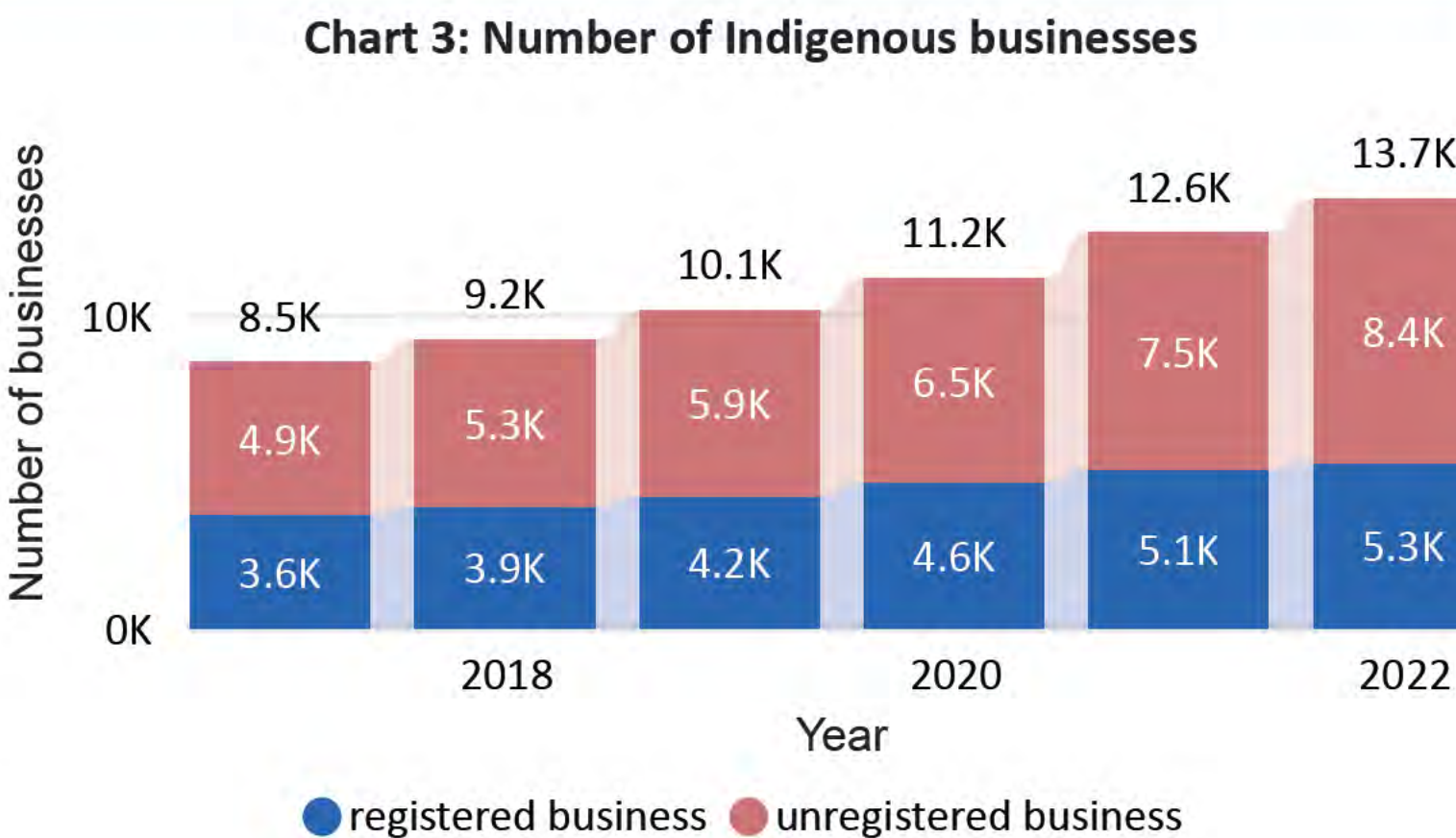
The Australian Financial Security Authority (AFSA) highlighted that resumed debt collection activity by the ATO was a key driver of rising insolvencies since mid-2022 (following from the pandemic). The **ATO is the largest single creditor** in the personal insolvency system.



3. Number of Indigenous businesses grows by 10% annually, yet underrepresented in business registries

The Dilin Duwa Centre for Indigenous Business Leadership identified **13,693 active Indigenous businesses** in 2022. Of these, 5,270 were found on public registries for Indigenous businesses. In 2022:

- Indigenous businesses generated **\$16.1 billion in revenue**, employed **116,795 people**, and paid **\$4.2 billion in wages**.
- 64.2 per cent** of Indigenous businesses were sole traders and partnerships, of which **95.8 per cent were not registered** on public registries for Indigenous businesses.
- 36.3 per cent** of Indigenous businesses had employees.
- 57.1 per cent** of Indigenous businesses operated in rural and remote areas.
- 40 per cent** of Indigenous businesses were in business for less than 3 years.



SMALL BUSINESS DEFINITIONS

Agency	Definition
ABS	Employs less than 20 people
APRA	Annual revenue under \$75 million. Exposure to borrower is less than \$1.5 million
ASBFEO	Turnover under \$5 million or less than 100 employees
ASIC	Consolidated revenue is below \$25 million; gross assets are under \$12.5 million or less than 50 employees.
ATO	Aggregate turnover below \$10 million
Australian Information Commissioner	Annual turnover under \$3 million
Fair Work Commission	Employs less than 15 people
OECD	Employs less than 50 people

COMMON SMALL BUSINESS STRUCTURES

Unincorporated - Sole Traders

A sole trader is legally responsible for all aspects of their business. Taxes paid at the marginal personal income tax rate.

Unincorporated - Partnerships

Two or more people who distribute income or losses from business between themselves. Not a taxable entity.

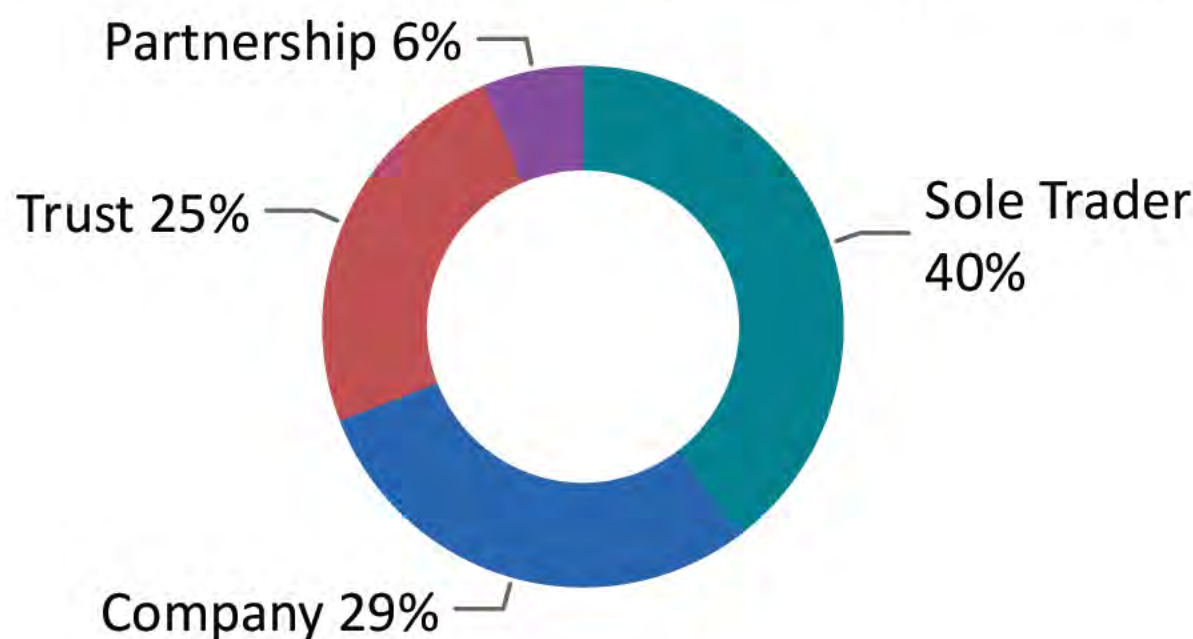
Unincorporated - Trusts

A trustee holds a business for the benefit of its beneficiaries. A trustee can be a person or company. Not a taxable entity.

Incorporated - Companies

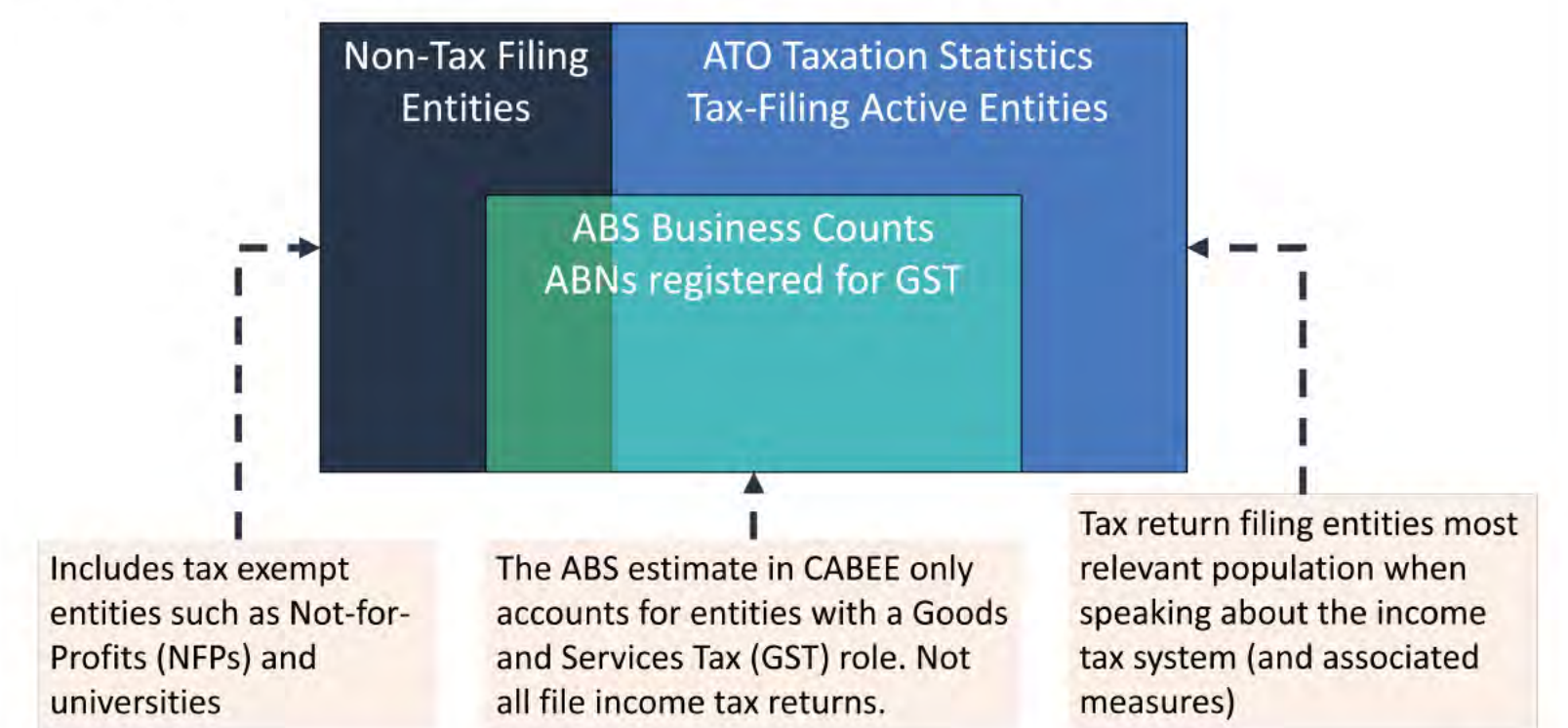
The business serves as separate legal entity from the individual. Companies pay company income tax at 25% if they earn less than \$50 million in annual turnover, and 30% otherwise.

Small business tax filers (by structure)(2022-23)



SMALL BUSINESS COUNTS

Official statistics (ABS, ATO) count business based on active entities on the Australian Business Register (ABR). Different organisations will use different criteria to count small businesses.



ATO Taxation Statistics (2022-23): Counts of tax filers*

Business Size	Incorporated	Unincorporated	Total
under \$10m	1,214,000	2,901,000	4,115,000
\$10m and over	32,000	8,000	41,000
Total	1,246,000	2,910,000	4,156,000

*Disaggregated statistics may not add to total due to rounding

Treasury estimates based on income tax returns. Small business entities refer to companies, trusts, partnerships and individuals reporting business income with annual turnover below \$10 million that file a tax return.

ABS Counts of Australian Businesses, including Entries and Exits (CABEE) (2023-24)

No. Employees	Business Count
Total	2,662,998
Non-employing	1,663,837
1-4 (Micro)	693,558
5-19 (Small)	232,200
20-199 (Medium)	68,214
200+ (Large)	5,189

Based on entities on the ABR registered for GST. Small business defined based on employee head count of less than 20.

INSOLVENCIES

Corporate insolvencies (monthly)	Business-related personal insolvencies (Quarterly)
1,225	847
Apr 2024 to Apr 2025: 23.0%	Mar 2024 to Mar 2025: 11.7%
As at: 30/04/2025	As at: 31/03/2025

Source: ASIC Corporate Insolvency Statistics, AFSA Personal Insolvency Statistics

There are two types of business-related insolvency – corporate insolvencies (when a company becomes insolvent) and business-related personal insolvency (when an individual who is or has been in business becomes insolvent).

Available data covers all business sizes. Neither corporate insolvency or business-related personal insolvency data is readily available by the size of the underlying business.

Insolvencies do not necessarily equate to business closures. For example, small businesses entering corporate insolvency increasingly use the small business restructuring process to remain in business.

DATA SOURCES & UPCOMING RELEASES

Source	Next Release
ASIC - Corporate Insolvency Statistics	Monday, 7 July 2025
RBA - Interest rates by business size and loan type	Monday, 7 July 2025
NAB - Monthly Business Survey	Tuesday, 8 July 2025
RBA - Outstanding loans by business size	Thursday, 10 July 2025
ABS - Weekly Payroll Jobs	Thursday, 24 July 2025
NAB - Quarterly Business Survey	Thursday, 24 July 2025
AFSA - Monthly Personal Insolvency Statistics	Thursday, 31 July 2025
NAB - Quarterly SME Business Survey	Thursday, 31 July 2025
ABS - Lending Indicators	Wednesday, 13 August 2025
AFSA - Quarterly Personal Insolvency Statistics	Monday, 25 August 2025
ABS - Counts of Australian Businesses	Tuesday, 26 August 2025

Small Business Data Placemat: July 2025

Small business at a glance

Industry Value Added
\$596.0 bn

Share of total 32.5%
In financial year 2023-24

Employment
5.16 m

Share of total 39.1%
In financial year 2023-24

No. Small Businesses
2.62 m

Entries 114,670
Exits -94,321
Net change +20,866
March quarter 2025

Small Business Owners
1.57 m

Female 34.9%
First Nations 1.1%
Migrant 34.0%
As at 10/08/2021

- Sources:**
- Industry Value Added (IVA) and Employment from *ABS Australian Industry Statistics (2023-24)*
 - No. of Small Businesses from *ABS Counts of Australian Businesses, including Entries and Exits (2023-24)*
 - Small Businesses Owners from *ABS Census (2021)*

Small business policy & programs

NewAccess for Small Business Owners

5,898

Total attended assessments

Last month +140

As at 30/06/2025

Small Business Debt Helpline

15,539

Total cases

Last month +559

As at 30/06/2025

Digital Solutions 2

9,615

Small businesses engaged

Last 3 months
+1,480

As at 31/03/2025

Cyber Wardens

8,171

Program graduates

Last 3 months
+4,517

As at 31/01/2025

Cyber Resilience

1,119

Total engagements

Last 3 months
+555

As at 30/06/2025

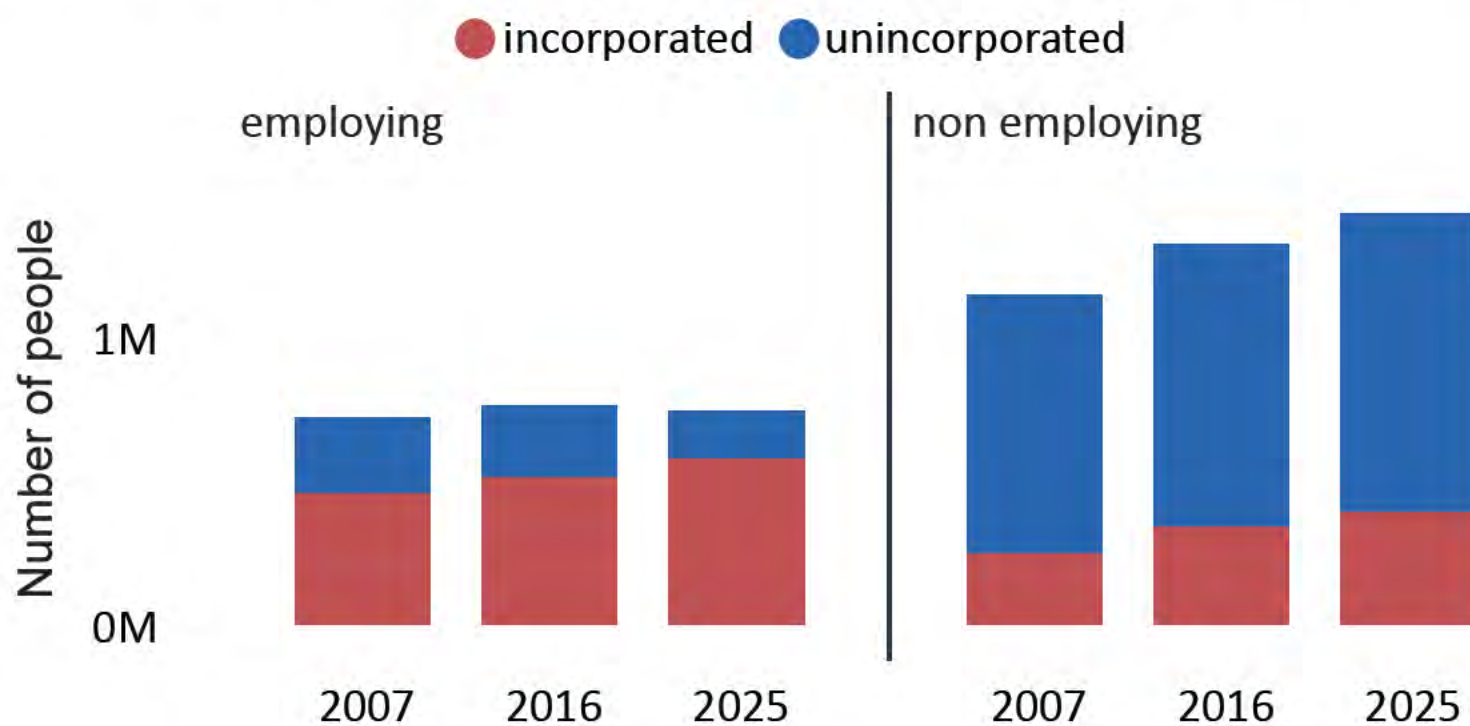
1. Owners of non-employing and incorporated businesses increasing in number (ABS Labour Force)

The ABS Labour Force Survey 2006-2025 reports that there were 2.17 million people managing their own businesses (all business sizes) in February 2025. Of these, **1.4 million people (66%) manage non-employing businesses.**

Between February 2007 and February 2025, the share of non-employing business owners:

- in the population of business owners increased from 61% to 66%
- whose business was incorporated increased from 22% to 28%
- that are female increased from 31% to 37%
- born overseas increased from 28% to 37%
- working full-time decreased from 65% to 55%
- holding multiple jobs increased from 6% to 9%.

Chart 1: Business owners by employing status and business type



2. Small business payroll jobs fall slightly over March quarter (ABS Payroll Jobs)

Dec 2024 to Mar 2025

-0.6%

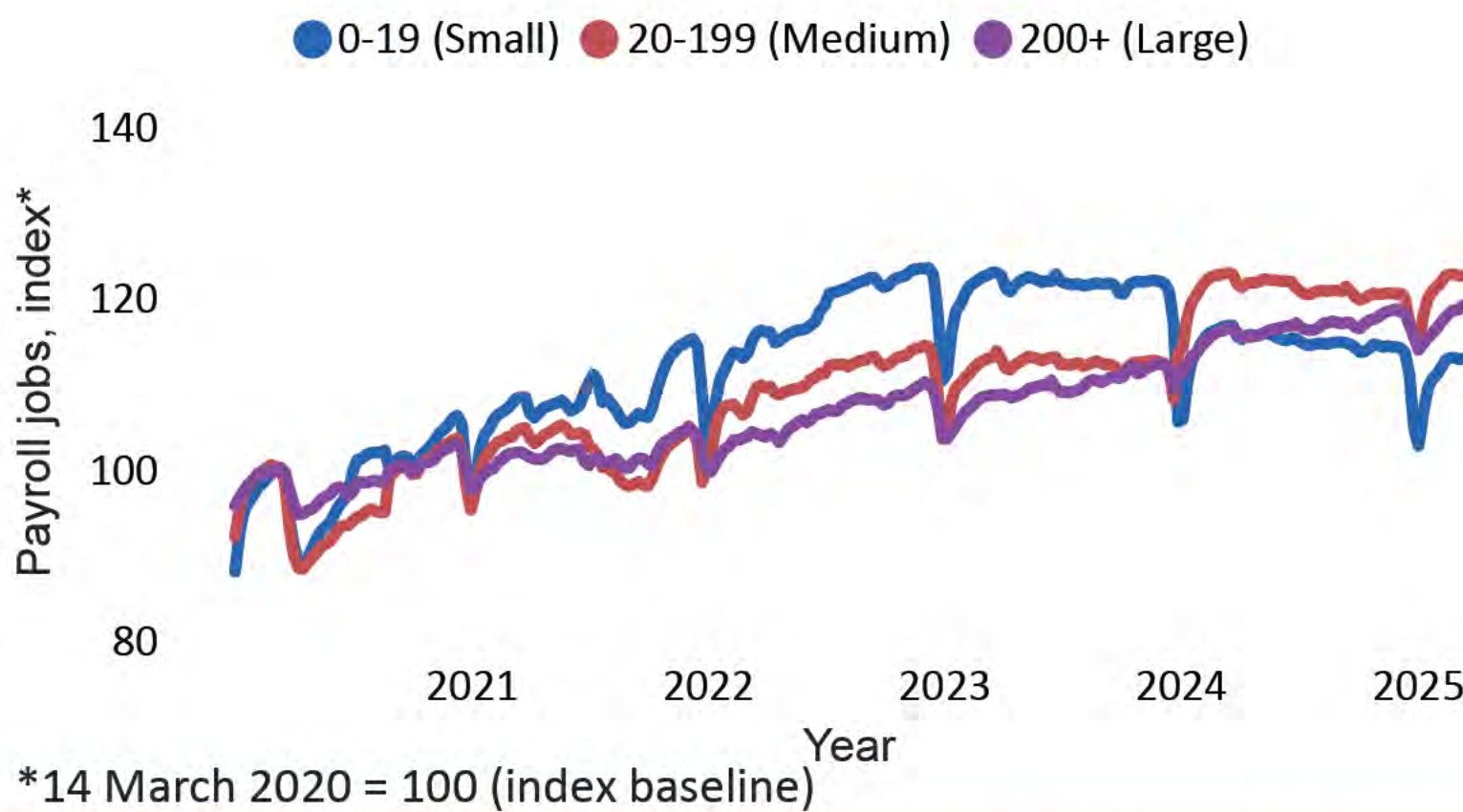
Mar 2024 to Mar 2025

-3.3%

Small business payroll jobs fell by 0.6 per cent in the week ending 15 March 2025 compared to 14 December 2024 and were **3.3 per cent lower year-on-year.** In contrast, payroll jobs for large businesses grew by 2.3 per cent over the year. Payroll jobs for medium businesses did not change significantly year-on-year.

- Quarterly growth rates should be interpreted carefully and in context, as they can be affected by seasonal patterns, particularly at the end of the calendar year.

Chart 2: Payroll jobs by business size



3. SME Conditions worsen in June quarter, but mixed by industries (NAB Quarterly SME Survey Q2 2025)

SME Condtions
(Qtr-on-Qtr)
-3.5

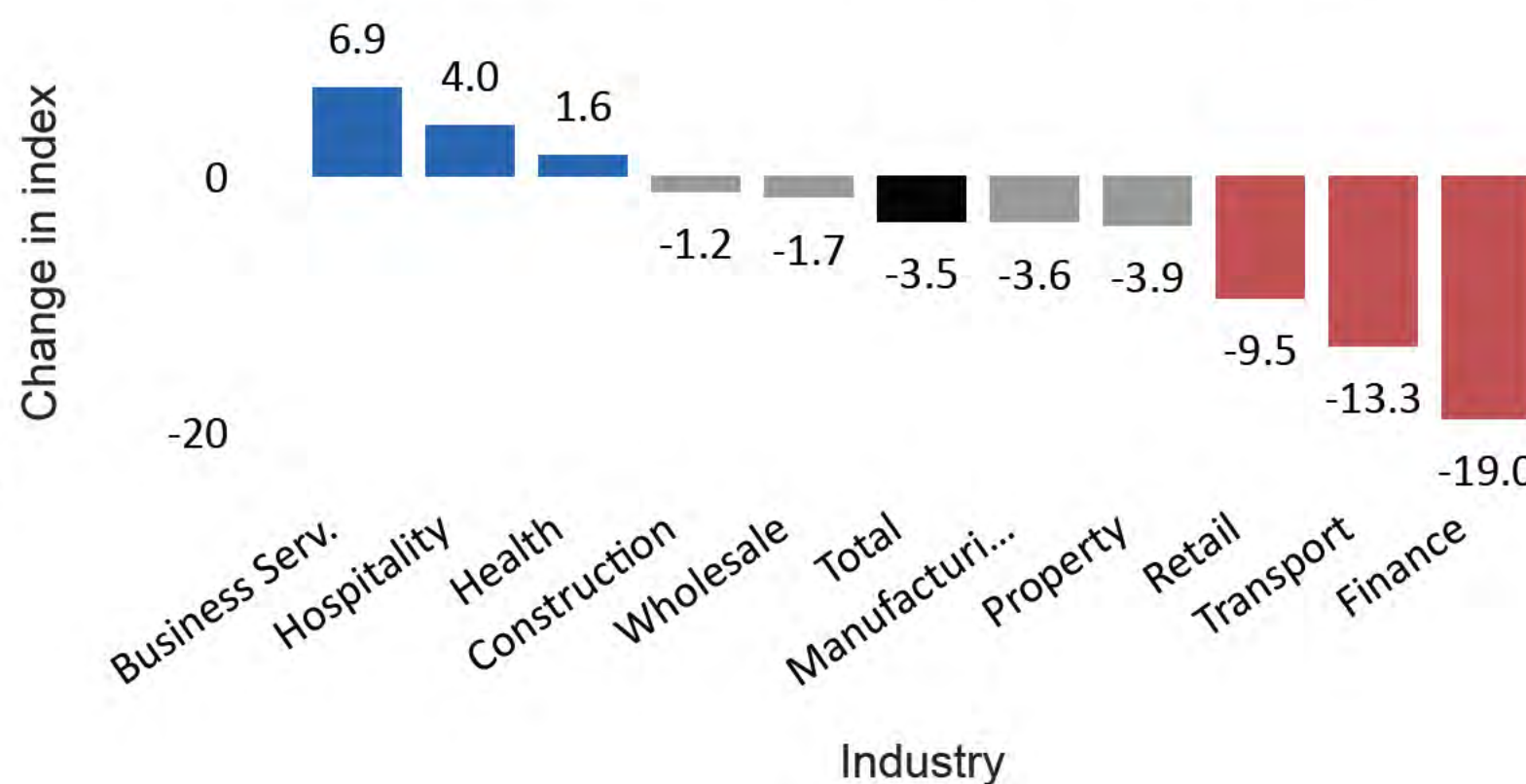
SME Confidence
(Qtr-on-Qtr)
+0.9

Gap between SME &
National Conditions
-4.9

Conditions for small to medium enterprises (SMEs) **fell in the June 2025 quarter** while confidence increased slightly. SME Conditions were **4.9 index points lower** than conditions for all businesses in the quarter.

Conditions worsened across most industries except for **Business services (+6.9), Hospitality (+4.0), and Health (+1.6)**. These represent around 25% of SMEs. The largest falls in conditions were seen in **Finance (-19.0) and Transport (-13.3)**, however their conditions have remained positive overall.

Chart 3: SME business conditions - Quarterly change



SMALL BUSINESS DEFINITIONS

Agency	Definition
ABS	Employs less than 20 people
APRA	Annual revenue under \$75 million. Exposure to borrower is less than \$1.5 million
ASBFEO	Turnover under \$5 million or less than 100 employees
ASIC	Consolidated revenue is below \$25 million; gross assets are under \$12.5 million or less than 50 employees.
ATO	Aggregate turnover below \$10 million
Australian Information Commissioner	Annual turnover under \$3 million
Fair Work Commission	Employs less than 15 people
OECD	Employs less than 50 people

COMMON SMALL BUSINESS STRUCTURES

Unincorporated - Sole Traders

A sole trader is legally responsible for all aspects of their business. Taxes paid at the marginal personal income tax rate.

Unincorporated - Partnerships

Two or more people who distribute income or losses from business between themselves. Not a taxable entity.

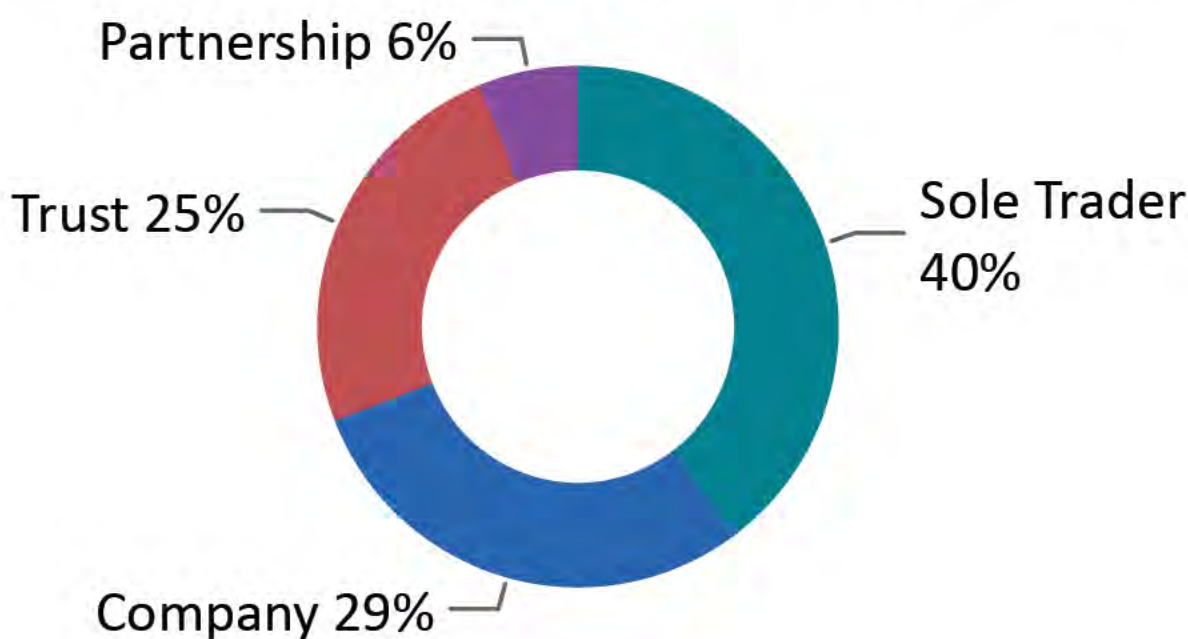
Unincorporated - Trusts

A trustee holds a business for the benefit of its beneficiaries. A trustee can be a person or company. Not a taxable entity.

Incorporated - Companies

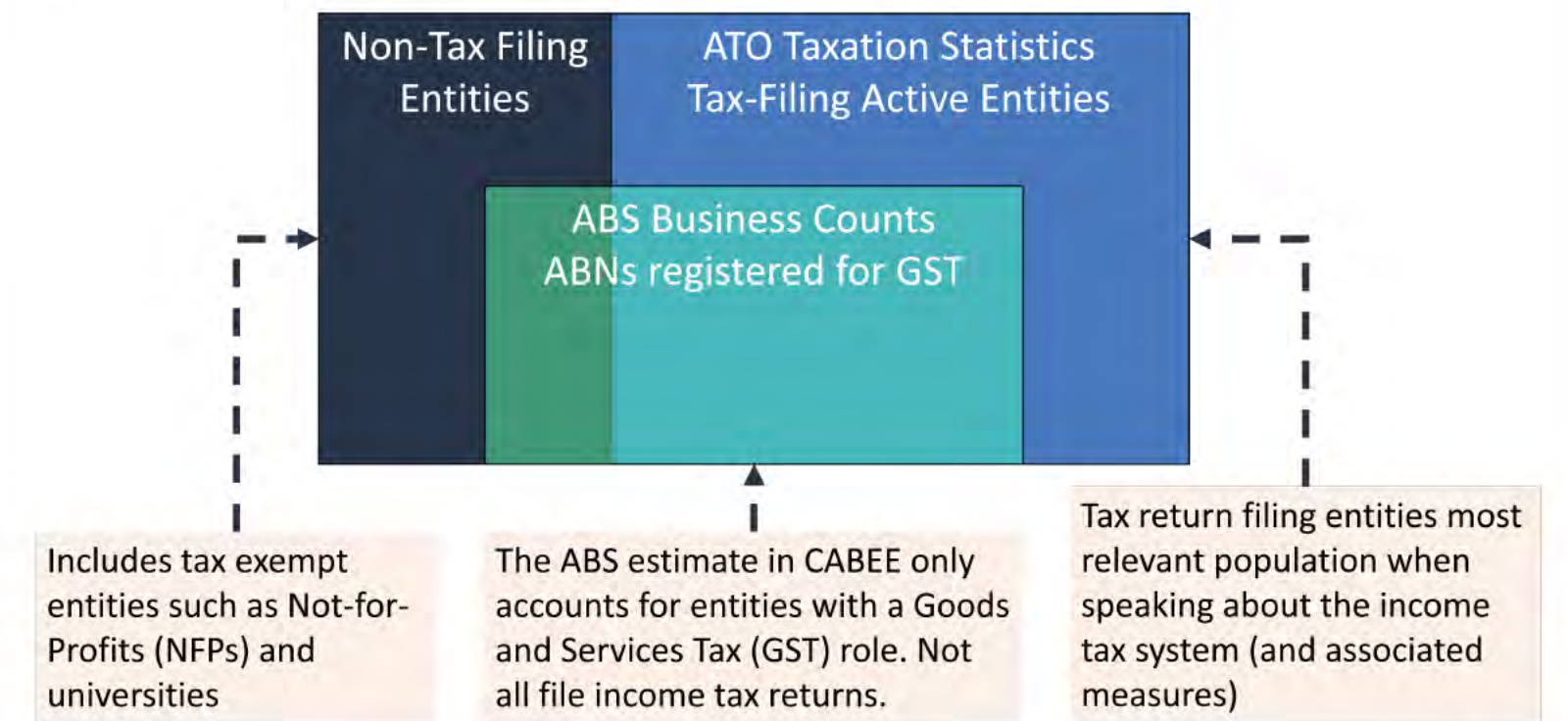
The business serves as separate legal entity from the individual. Companies pay company income tax at 25% if they earn less than \$50 million in annual turnover, and 30% otherwise.

Small business tax filers (by structure)(2022-23)



SMALL BUSINESS COUNTS

Official statistics (ABS, ATO) count business based on active entities on the Australian Business Register (ABR). Different organisations will use different criteria to count small businesses.



ATO Taxation Statistics (2022-23): Counts of tax filers*

Business Size	Incorporated	Unincorporated	Total
under \$10m	1,214,000	2,901,000	4,115,000
\$10m and over	32,000	8,000	41,000
Total	1,246,000	2,910,000	4,156,000

*Disaggregated statistics may not add to total due to rounding

Treasury estimates based on income tax returns. Small business entities refer to companies, trusts, partnerships and individuals reporting business income with annual turnover below \$10 million that file a tax return.

ABS Counts of Australian Businesses, including Entries and Exits (CABEE) (2023-24)

No. Employees	Business Count
Total	2,662,998
Non-employing	1,663,837
1-4 (Micro)	693,558
5-19 (Small)	232,200
20-199 (Medium)	68,214
200+ (Large)	5,189

Based on entities on the ABR registered for GST. Small business defined based on employee head count of less than 20.

INSOLVENCIES

Corporate insolvencies (monthly)	Business-related personal insolvencies (Quarterly)
1,308	847
May 2024 to May 2025: 4.7%	Mar 2024 to Mar 2025: 11.7%
As at: 31/05/2025	As at: 31/03/2025

Source: ASIC Corporate Insolvency Statistics, AFSA Personal Insolvency Statistics

There are two types of business-related insolvency – corporate insolvencies (when a company becomes insolvent) and business-related personal insolvency (when an individual who is or has been in business becomes insolvent).

Available data covers all business sizes. Neither corporate insolvency or business-related personal insolvency data is readily available by the size of the underlying business.

Insolvencies do not necessarily equate to business closures. For example, small businesses entering corporate insolvency increasingly use the small business restructuring process to remain in business.

DATA SOURCES & UPCOMING RELEASES

Source	Next Release
RBA - Interest rates by business size and loan type	Thursday, 7 August 2025
ASIC - Corporate Insolvency Statistics	Monday, 11 August 2025
NAB - Monthly Business Survey	Tuesday, 12 August 2025
ABS - Lending Indicators	Wednesday, 13 August 2025
RBA - Outstanding loans by business size	Thursday, 14 August 2025
AFSA - Quarterly Personal Insolvency Statistics	Monday, 25 August 2025
ABS - Counts of Australian Businesses	Tuesday, 26 August 2025
AFSA - Monthly Personal Insolvency Statistics	Friday, 29 August 2025

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2024-25*

	Non- employing	1-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total 2023-24**	Total 2024-25***
NSW	537,650	259,979	75,508	873,137	21,550	1,873	896,560	916,603
Vic	483,514	176,808	58,542	718,864	17,639	1,412	737,915	754,400
Qld	312,614	134,743	48,130	495,487	14,076	881	510,444	524,024
SA	108,805	35,915	15,258	159,978	4,190	286	164,454	168,699
WA	162,971	60,186	24,067	247,224	7,604	568	255,396	266,273
Tas	26,580	10,963	5,042	42,585	1,359	85	44,029	44,244
NT	9,508	4,104	2,063	15,675	682	23	16,380	16,796
ACT	20,797	10,764	3,582	35,143	1,113	60	36,316	36,996
Other/ unknown	1,398	96	8	1,502	3	3	1,508	1,613
Australia 2023-24 **	1,663,837	693,558	232,200	2,589,595	68,214	5,189	2,662,998	
<i>Australia 2024-25 ***</i>	<i>1,735,470</i>	<i>688,870</i>	<i>232,129</i>	<i>2,656,469</i>	<i>67,857</i>	<i>5,322</i>		<i>2,729,648</i>

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

*** The ABS released the first update of the 2024-25 Counts of Australian Businesses, including Entries and Exits (CABEE) in August 2025. In this release, business counts by size and business counts by state and territory for 2024-25 are available. Business counts by both size and state/territory for 2024-25 will only be available in the next update in December 2025. In the table, the numbers in italic are from the 2024-25 CABEE and the remaining numbers are from the 2023-24 CABEE.

Table 2: Employment ('000) by state/territory and size, 2023-24

	0-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total
NSW	1,000	733	1,733	1,085	1,469	4,287
Vic	762	567	1,329	897	1,167	3,393
Qld	604	442	1,045	669	916	2,630
SA	176	134	310	203	308	822
WA	297	228	524	374	596	1,494
Tas	55	45	99	62	82	243
NT	21	19	40	32	44	116
ACT	45	39	83	55	74	211
Australia	2,958	2,206	5,165	3,375	4,656	13,196

Table 3: Small business counts of tax filers* by state/territory based on tax return data, 2022-23

State/territory	Counts of tax filers
NSW	1,281,000
Vic	1,148,000
Qld	817,000
SA	295,000
WA	419,000
Tas	73,000
NT	22,000
ACT	58,000
Australia	4,115,000

* This table is a breakdown of small businesses with turnover less than \$10 million. There are data reliability issues with these state breakdowns – for example, where a business operates across state borders. This breakdown is provided for indicative purposes only. Income tax return data is not suitable to provide a reliable breakdown of businesses with aggregated turnover greater than \$10 million by state.

Small business at a glance

Industry Value Added

\$596.0 bn

Share of total 32.5%

In financial year 2023-24

Employment

5.16 m

Share of total 39.1%

In financial year 2023-24

No. Small Businesses

2.66M

Entries 435,892

Exits 368,199

As at 30/06/2025

Small Business Owners

1.58 m

Female 34.6%

First Nations 1.7%

Migrant 34.1%

As at 10/08/2021

Sources:

- Industry Value Added (IVA) and Employment from ABS Australian Industry Statistics (2023-24)
- No. of Small Businesses from ABS Counts of Australian Businesses, including Entries and Exits (2024-25)
- Small Businesses Owners from ABS Census (2021)

Small business policy & programs

NewAccess for Small Business Owners

6,016

Total attended assessments

Last month +118

As at 31/07/2025

Small Business Debt Helpline

16,111

Total cases

Last month +572

As at 31/07/2025

Digital Solutions 2

11,930

Small businesses engaged

Last 3 months +2,315

As at 30/06/2025

Cyber Wardens

9,920

Program graduates

Last 3 months +1,749

As at 30/04/2025

Cyber Resilience

1,119

Total engagements

Last 3 months +555

As at 30/06/2025

1. Small businesses increased in number with more births than cancellations (ABS CABEE 2024-25)

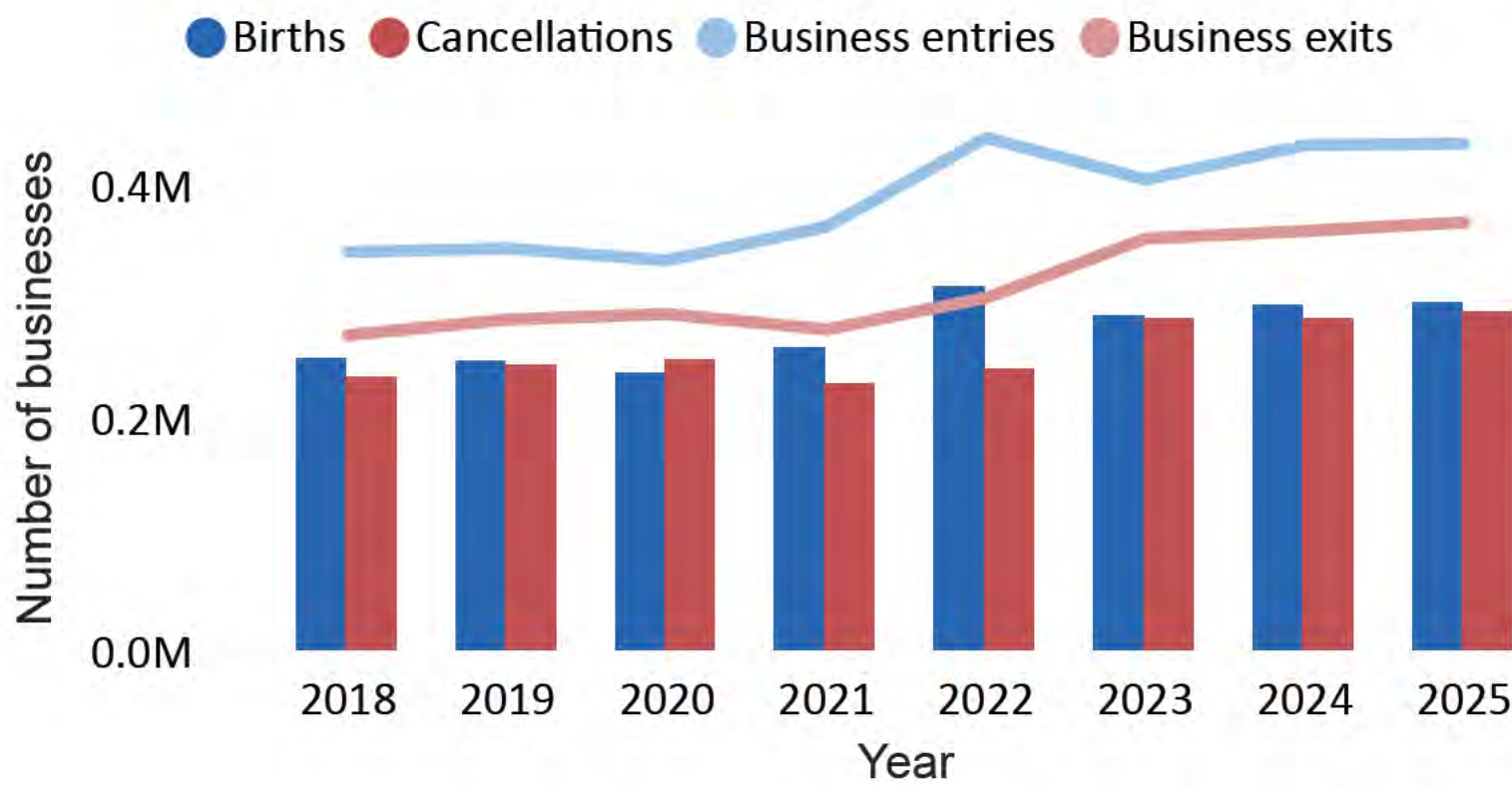
As at June 2025, there were 2.66 million small businesses. Compared to June 2024, there were 435,892 entries and 368,199 exits, resulting in a **net increase of 66,874 (2.6%)** small businesses.

- Business entries include newly registered businesses (births) and reactivated dormant businesses. Business exits include business cancellations and businesses that go dormant.

In the last 5 years the number of **small business births was higher than small business cancellations**. In 2024-25, there were 299,701 small business births compared to 292,694 small business cancellations.

- 28.9% of small business births in 2024-25 were employing.
- For small employing businesses, there were 59% more births than cancellations. For non-employing businesses, there were 10% fewer births compared to cancellations.

Chart 1: Small business entries, exits, births and cancellations

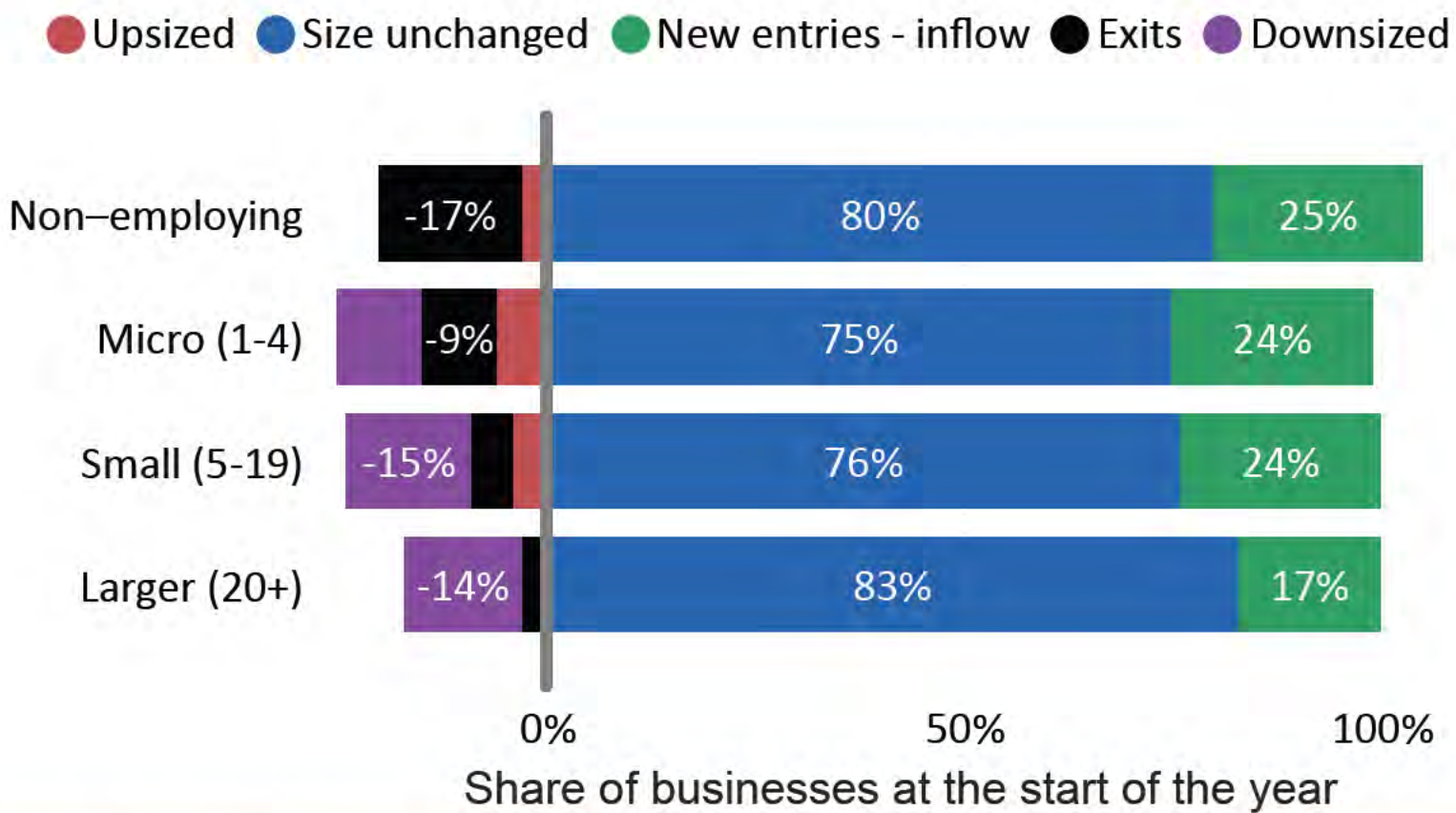


2. Changes in employment size range (ABS CABEE 2024-25)

The movement of businesses across employment sizes helps to understand how businesses grow and change over time. Over 2024-25, the majority of small businesses (75-80%) stayed in the same employment size range, less than 10% grew in size and around 10-15% reduced in size.

- 80% of non-employing businesses remained non-employing**, while 3% started to employ workers and 17% exited at the end of the financial year.
- 75% of micro businesses with **1-4 employees** remained micro-sized, while **6% grew in size** and **10% stopped employing**.
- 76% of small businesses with **5-19 employees** remained small, while **4% grew into medium or large businesses**, and 15% shrank to become micro or non-employing businesses.
- 76% of small businesses with **5-19 employees** remained small, while **4% grew into medium or large businesses**, and 15% shrank to become micro or non-employing businesses.

Chart 2: Changes in employment size over the year (2024-25)



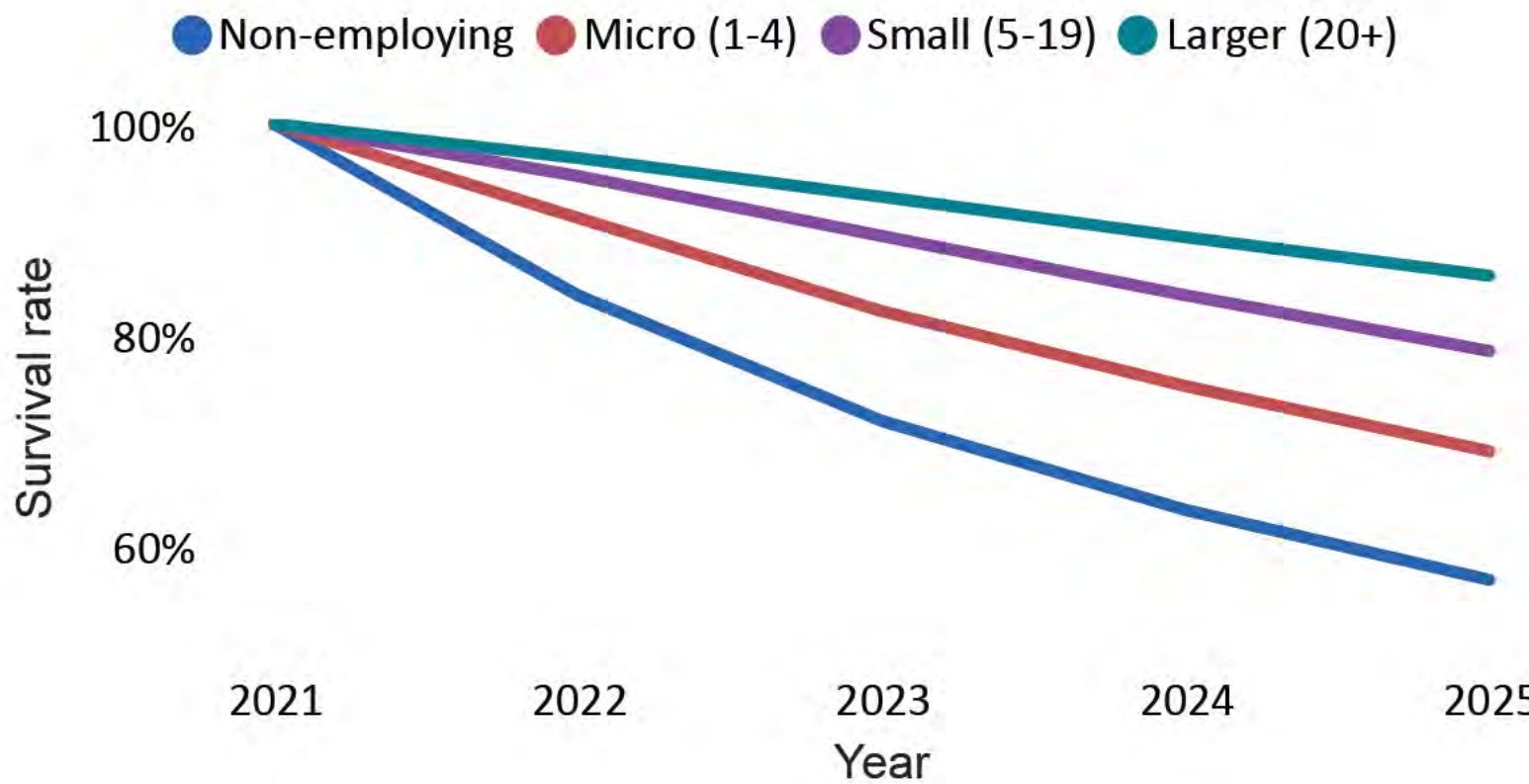
3. Survival rates improve with business size (ABS CABEE 2024-25)

As at June 2025, only 57% of non-employing businesses that were operating in June 2021 remain in operation. **Survival rates improve with business size**: 69% of businesses with 1-4 employees and 78% of those with 5-19 employees continued operating. Businesses with over 20 employees had the highest survival rate at 86%.

Between 2020 and 2024 across sectors:

- Small businesses were **most** likely to survive in **Agriculture, Rental, Hiring & Real Estate and Health Care**.
- Small businesses in **Transport, Public Administration & Safety and Hospitality** had the lowest survival rates.
- The ABS will update this information for 2024-25 in December.

Chart 3: Survival rates by business size (since 2021)



SMALL BUSINESS DEFINITIONS

Agency	Definition
ABS	Employs less than 20 people
APRA	Annual revenue under \$75 million. Exposure to borrower is less than \$1.5 million
ASBFEO	Turnover under \$5 million or less than 100 employees
ASIC	Consolidated revenue is below \$25 million; gross assets are under \$12.5 million or less than 50 employees.
ATO	Aggregate turnover below \$10 million
Australian Information Commissioner	Annual turnover under \$3 million
Fair Work Commission	Employs less than 15 people
OECD	Employs less than 50 people

COMMON SMALL BUSINESS STRUCTURES

Unincorporated - Sole Traders

A sole trader is legally responsible for all aspects of their business. Taxes paid at the marginal personal income tax rate.

Unincorporated - Partnerships

Two or more people who distribute income or losses from business between themselves. Not a taxable entity.

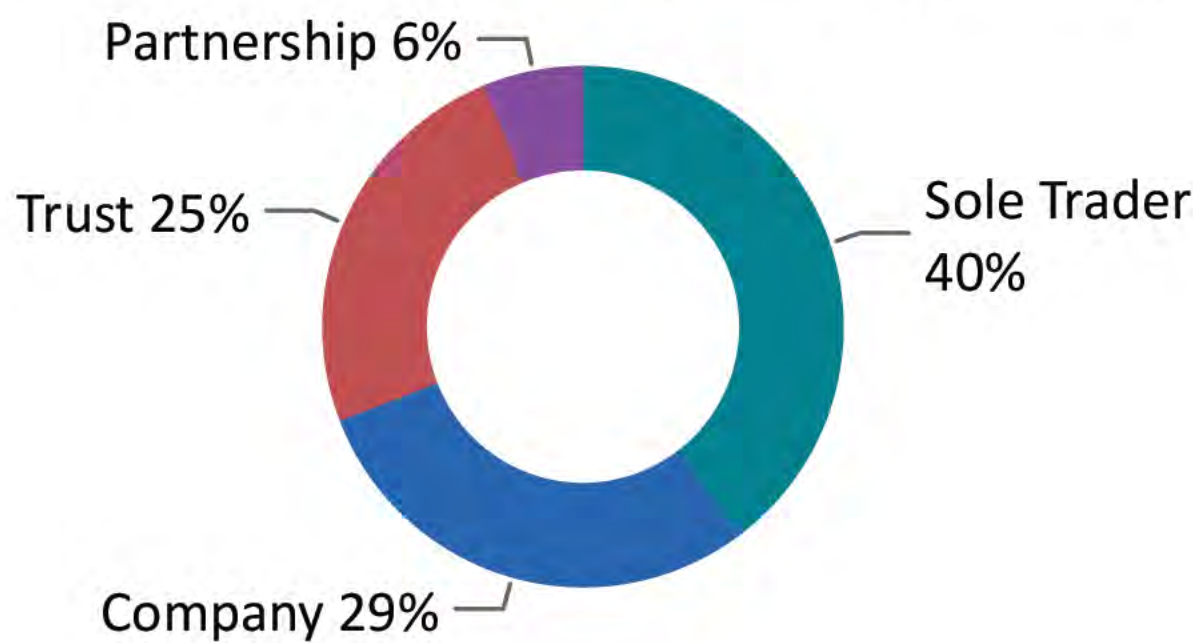
Unincorporated - Trusts

A trustee holds a business for the benefit of its beneficiaries. A trustee can be a person or company. Not a taxable entity.

Incorporated - Companies

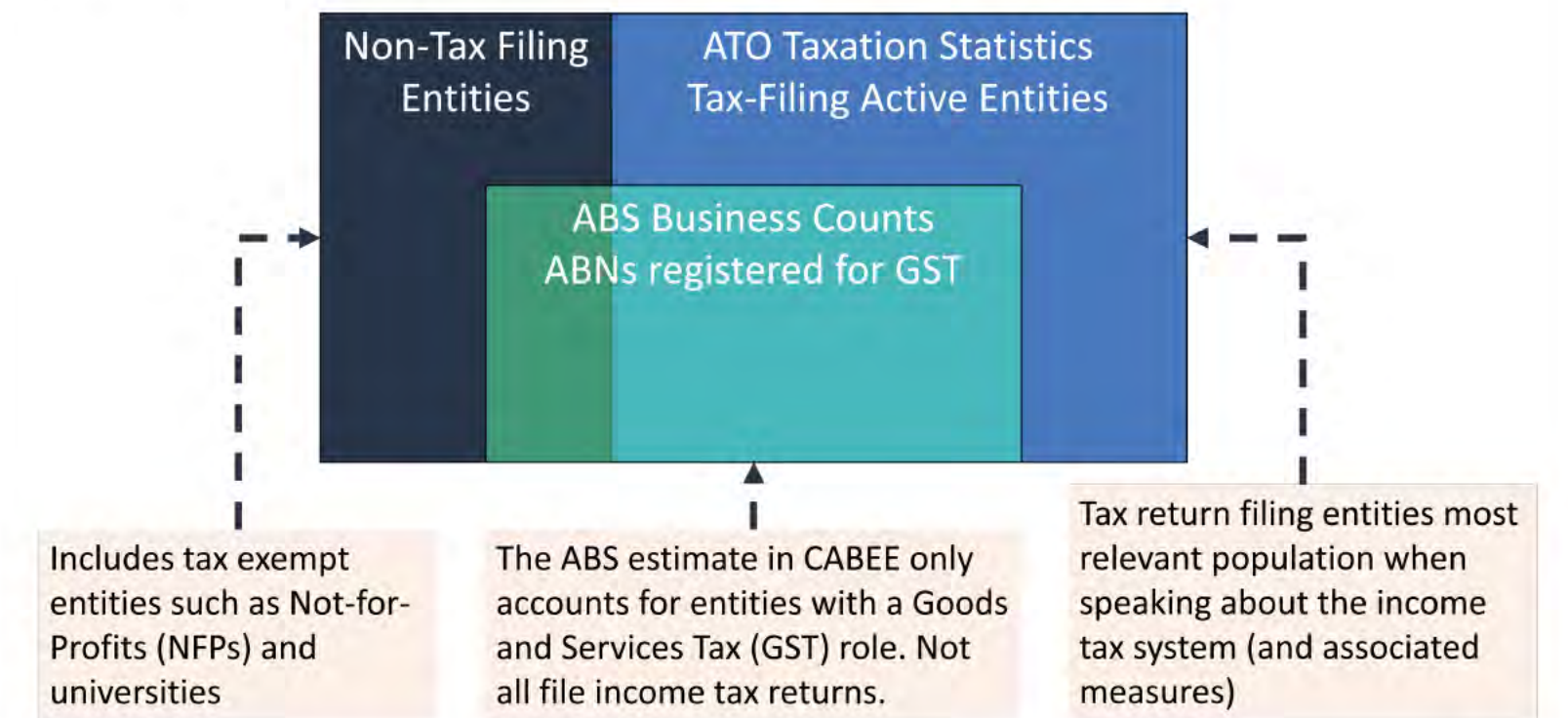
The business serves as separate legal entity from the individual. Companies pay company income tax at 25% if they earn less than \$50 million in annual turnover, and 30% otherwise.

Small business tax filers (by structure)(2022-23)



SMALL BUSINESS COUNTS

Official statistics (ABS, ATO) count business based on active entities on the Australian Business Register (ABR). Different organisations will use different criteria to count small businesses.



ATO Taxation Statistics (2022-23): Counts of tax filers*

Business Size	Incorporated	Unincorporated	Total
under \$10m	1,214,000	2,901,000	4,115,000
\$10m and over	32,000	8,000	41,000
Total	1,246,000	2,910,000	4,156,000

*Disaggregated statistics may not add to total due to rounding

Treasury estimates based on income tax returns. Small business entities refer to companies, trusts, partnerships and individuals reporting business income with annual turnover below \$10 million that file a tax return.

ABS Counts of Australian Businesses, including Entries and Exits (CABEE) (2024-25)

No. Employees	Business Count
Total	2,729,648
Non-employing	1,735,470
1-4 (Micro)	688,870
5-19 (Small)	232,129
20-199 (Medium)	67,857
200+ (Large)	5,322

Based on entities on the ABR registered for GST. Small business defined based on employee head count of less than 20.

INSOLVENCIES

Corporate insolvencies (monthly)	Business-related personal insolvencies (Quarterly)
1,362	928
Jul 2024 to Jul 2025: 10.0% As at: 31/07/2025	Jun 2024 to Jun 2025: 17.0% As at: 30/06/2025

Source: ASIC Corporate Insolvency Statistics, AFSA Personal Insolvency Statistics

There are two types of business-related insolvency – corporate insolvencies (when a company becomes insolvent) and business-related personal insolvency (when an individual who is or has been in business becomes insolvent).

Available data covers all business sizes. Neither corporate insolvency or business-related personal insolvency data is readily available by the size of the underlying business.

Insolvencies do not necessarily equate to business closures. For example, small businesses entering corporate insolvency increasingly use the small business restructuring process to remain in business.

DATA SOURCES & UPCOMING RELEASES

Source	Next Release
RBA - Interest rates by business size and loan type	Friday, 5 September 2025
ASIC - Corporate Insolvency Statistics	Monday, 8 September 2025
NAB - Monthly Business Survey	Tuesday, 9 September 2025
RBA - Outstanding loans by business size	Thursday, 11 September 2025
AFSA - Monthly Personal Insolvency Statistics	Tuesday, 30 September 2025
NAB - Quarterly Business Survey	Thursday, 16 October 2025
NAB - Quarterly SME Business Survey	Thursday, 30 October 2025

Small Business Births, Cancellations and Survival in ABS Counts

Strategy, International and Data Unit, Small and Family Business Division, September 2025

Key points

- Changes in the number of small businesses in Australian Bureau of Statistics (ABS) data are based on Entries, Exits and Reclassifications.
- These statistics cover different business count concepts and are sensitive to phrasing. It is important to compare like with like and use net numbers as appropriate.
- Small businesses have higher birth rate than cancellation rate in the last 5 years.

The change in the number of businesses for any given size category in the ABS Counts of Australian Businesses, Entries and Exits (CABEE) is equal to:

$$\text{Change in No. Businesses} = \text{Total Entries} - \text{Total Exits} + \text{Reclassifications}$$

or, in more detail:

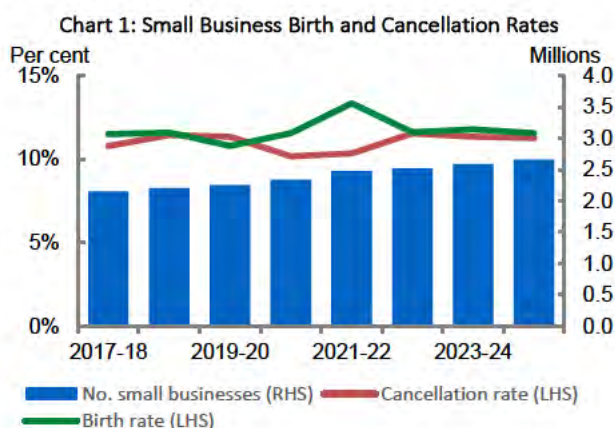
$$\text{Change in No. Businesses} = (\text{Births} + \text{Other Entries}) - (\text{Cancellations} + \text{Other Exits}) + \text{Reclassifications}$$

Business entries include newly registered businesses (births) and reactivated dormant businesses (other entries). Business exits include business cancellations and businesses that go dormant (other exits). Reclassifications refers to businesses moved from one classification to another, e.g., a small business growing to become a medium business.

When talking about how many more businesses there are relative to a point in time, it is important to take total entries (births and other entries) net of total exits (cancellations and other exits).

Birth and Cancellation Rates

A 'birth rate' and 'cancellation rate' can be calculated by taking the number of small businesses born or cancelled each year and comparing to the number of businesses operating at the start of the year.



The small business birth rate in 2024-25 was 11.5 for every 100 already operating. The cancellation rate was 11.3 for every 100 already operating. These levels are close to the average rates since 2017-1 (Chart 1).

Movement across employment size ranges

Table 1 shows that 75-80% of small businesses remained the same size over 2024-25, about 3% of non-employing businesses grew to employing businesses, and 4 to 6% of small employing businesses grew in size. Meanwhile, 10% of businesses with 1-4 employees stopped employing, and 15% of those with 5-19 employees downsized to micro or non-employing.

Table 1: Small Business Reclassifications (2024-25)

	As at June 2025						
Employees at Jun 2024		Same size	Grow	Down-size	Exit	Reclassified	New entries
	None	80%	3%		17%	5%	20%
	1-4	75%	6%	10%	9%	10%	14%
	5-19	76%	4%	15%	5%	20%	4%
	20+	83%		14%	3%	15%	2%

Reclassification of small employing businesses to non-employing businesses

Non-employing businesses have increased (at 4.5% annually) while small employing businesses have declined (at 1.2% annually) since 2021-22. This was largely due to the reclassification of small employing businesses to non-employing businesses. Small employing businesses still have higher birth rate (9.4% on average) than cancellation rate (6% on average).

Survival Rate

The survival rate records how many businesses that were operational four years ago (June 2021) are still operational in the current year.

Non-employing businesses are the least likely to survive with a 57% survival rate, followed by businesses with 1-4 employees at 69% and 5-19 employees at 78%. For comparison, businesses with over 20 employees have an 86% survival rate.

Note: In this note, small business refers to businesses with fewer than 20 employees.

References and Further Information

- [Counts of Australian Businesses, Including Entries and Exits](#) (ABS)
- [Methodology](#) (ABS)

Small business at a glance

Industry Value Added

\$596.0 bn

Share of total 32.5%

In financial year 2023-24

Employment

5.16 m

Share of total 39.1%

In financial year 2023-24

No. Small Businesses

2.66 m

Entries 435,892

Exits -368,199

As at 30/06/2025

Small Business Owners

1.58 m

Female 34.6%

First Nations 1.7%

Migrant 34.1%

As at 10/08/2021

Sources:

- Industry Value Added (IVA) and Employment from ABS Australian Industry Statistics (2023-24)
- No. of Small Businesses from ABS Counts of Australian Businesses, including Entries and Exits (2024-25)
- Small Businesses Owners from ABS Census (2021)

Small business policy & programs

NewAccess for Small Business Owners

6,124

Total attended assessments

Last month +108

As at 1/08/2025

Small Business Debt Helpline

16,621

Total cases

Last month +510

As at 1/08/2025

Digital Solutions 2

11,930

Small businesses engaged

Last 3 months +2,315

As at 30/06/2025

Cyber Wardens

13,363

Program graduates

Last 3 months +3,443

As at 31/07/2025

Cyber Resilience

1,119

Total engagements

Last 3 months +555

As at 30/06/2025

1. Small business interest rate spread increased, but remains lower than historical average (RBA)

As at July 2025, the interest rate on total outstanding loans for small and medium businesses* (SMEs) was 7.05%, while it was 5.19% for large businesses. The SME interest rate spread (or difference) was 186 basis points.

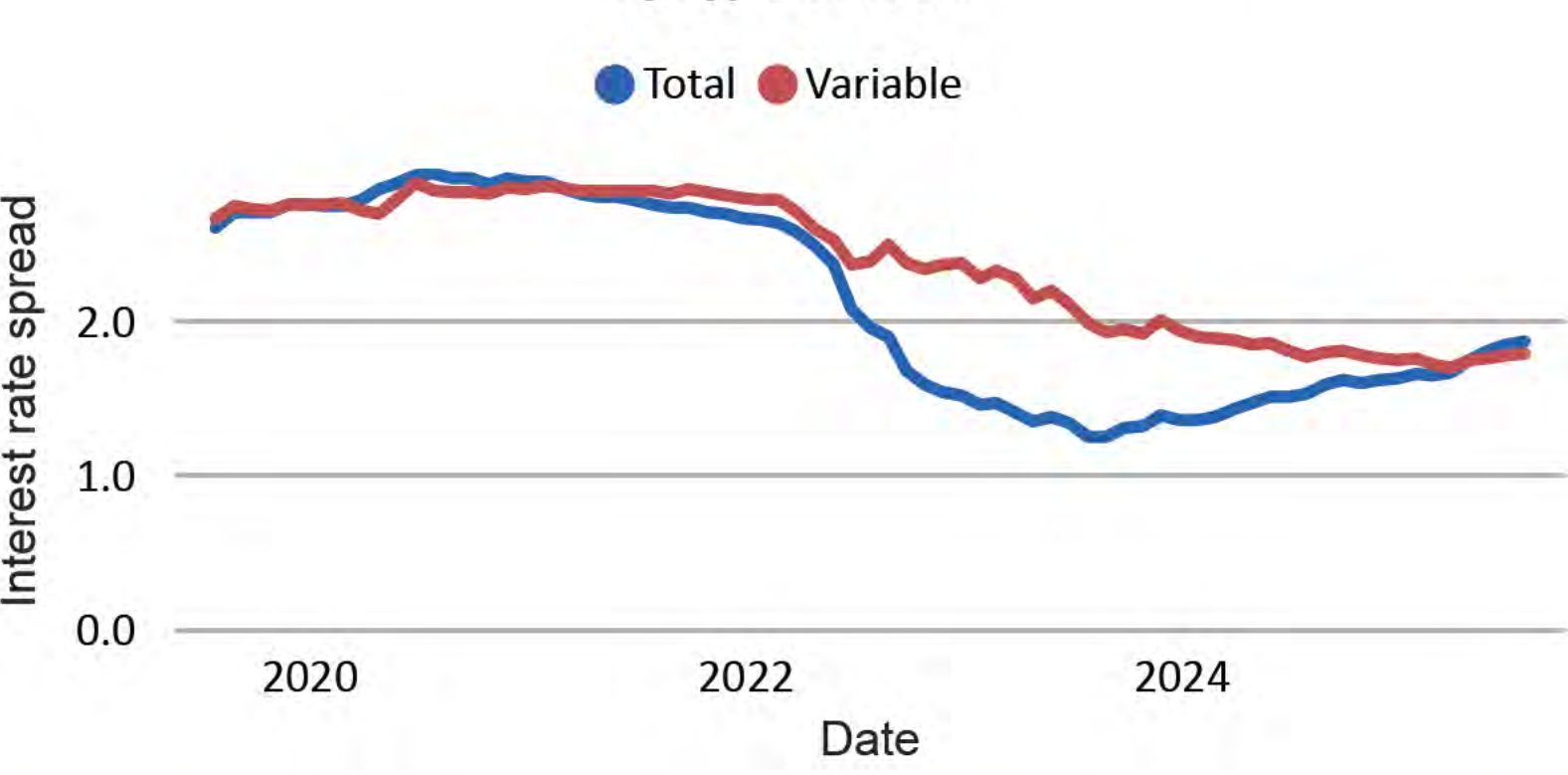
- This remained below the long-term average of 213 basis points.
- The interest rate spread reflects banks' assessment of greater risks involved with lending to SMEs compared to large businesses.

SMEs have a higher share of fixed rate loans compared to large businesses, so SME interest rates on outstanding loans do not come down as quickly when the RBA cuts interest rates.

The spread on variable interest rates between SMEs and large businesses has been trending downward since 2022.

**SMEs refer to businesses with turnover of less than \$75 million.*

Chart 1: Interest rate spread between SMEs and large businesses by type of loan



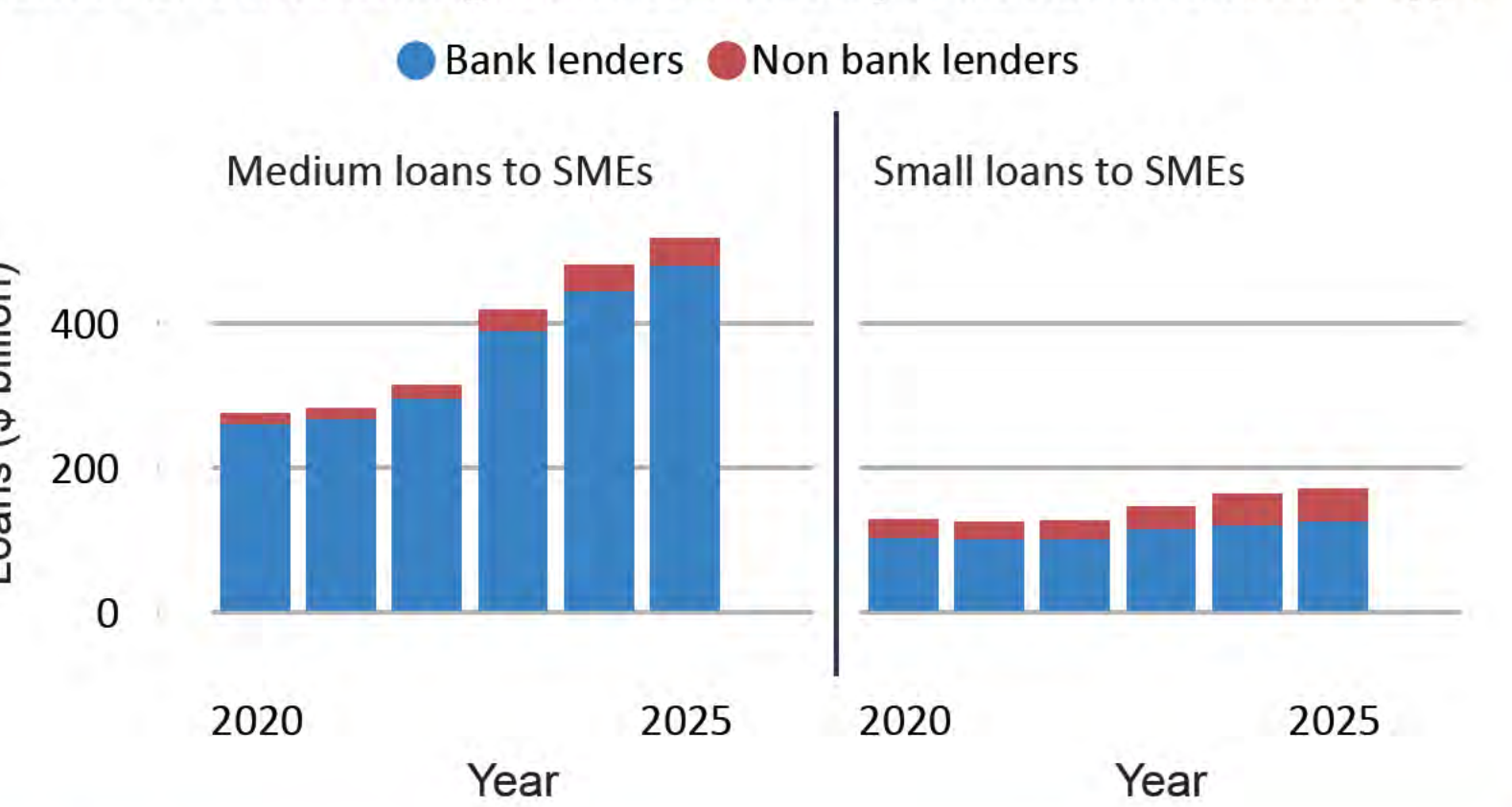
2. Lending to SMEs rises with higher reliance of non-bank lenders for smaller loans (RBA)

Lending to SMEs is classified into small loans (under \$1.5 million) and medium loans (over \$1.5 million). Lending to SMEs has increased 8.2% annually on average in the last 3 years, mostly driven by medium loans.

- Small loans to SMEs have been relatively stable in level terms and decreased as a share of total business loans, from 15% in August 2022 to 14% in August 2025.
- Medium loans to SMEs as a share of total business loans has increased from 39% in August 2022 to 42% in August 2025.

Small businesses are increasingly using non-bank lenders due to their greater flexibility. For small-sized loans to SMEs, the share of loans with non-bank lenders were 26% in August 2025, increased from 16% in August 2022. In contrast, it was only 7% for medium-sized loans to SMEs and 4% for loans to large businesses.

Chart 2: Outstanding loans to SMEs by loan size and lender type

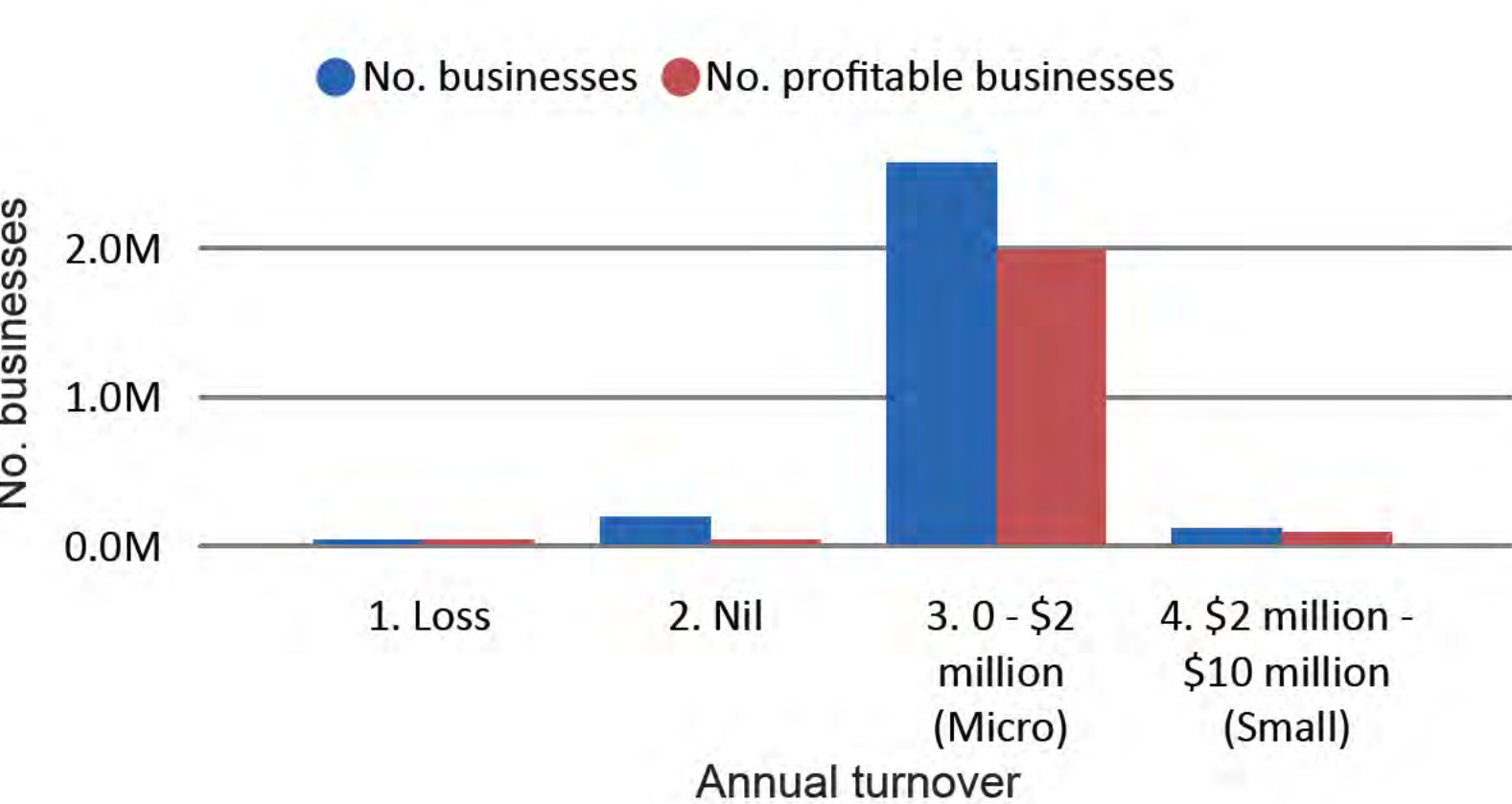


3. Small businesses are mostly profitable (ATO, Income Tax Returns 2022-23)

Small business profitability can be assessed using tax return data compiled by the Australian Taxation Office (ATO).

- For the purposes of income taxation, a small business is one with less than \$10 million in annual aggregate turnover.
- The latest taxation statistics for 2022-23 show that most small businesses structured as companies or sole traders (72%) made an accounting profit. This proportion was 71% in 2021-22 and 72% in 2020-21.
- When companies and sole traders who do not report income, are excluded, then around 77% of small businesses were profitable.
- This is consistent with the RBA's findings in their April 2025 Financial Stability Review that "*most businesses remain profitable, despite ongoing pressures*".

Chart 3: Small business accounting profitability (2022-23)



SMALL BUSINESS DEFINITIONS

Agency	Definition
ABS	Employs less than 20 people
APRA	Annual revenue under \$75 million. Exposure to borrower is less than \$1.5 million
ASBFEO	Turnover under \$5 million or less than 100 employees
ASIC	Consolidated revenue is below \$25 million; gross assets are under \$12.5 million or less than 50 employees.
ATO	Aggregate turnover below \$10 million
Australian Information Commissioner	Annual turnover under \$3 million
Fair Work Commission	Employs less than 15 people
OECD	Employs less than 50 people

COMMON SMALL BUSINESS STRUCTURES

Unincorporated - Sole Traders

A sole trader is legally responsible for all aspects of their business. Taxes paid at the marginal personal income tax rate.

Unincorporated - Partnerships

Two or more people who distribute income or losses from business between themselves. Not a taxable entity.

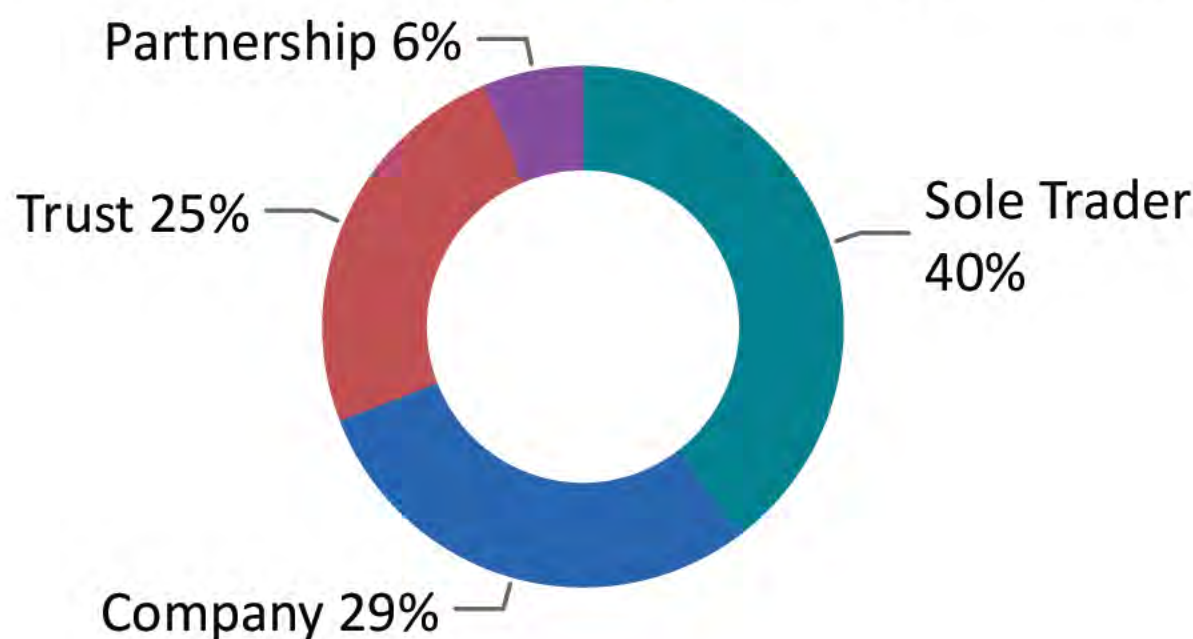
Unincorporated - Trusts

A trustee holds a business for the benefit of its beneficiaries. A trustee can be a person or company. Not a taxable entity.

Incorporated - Companies

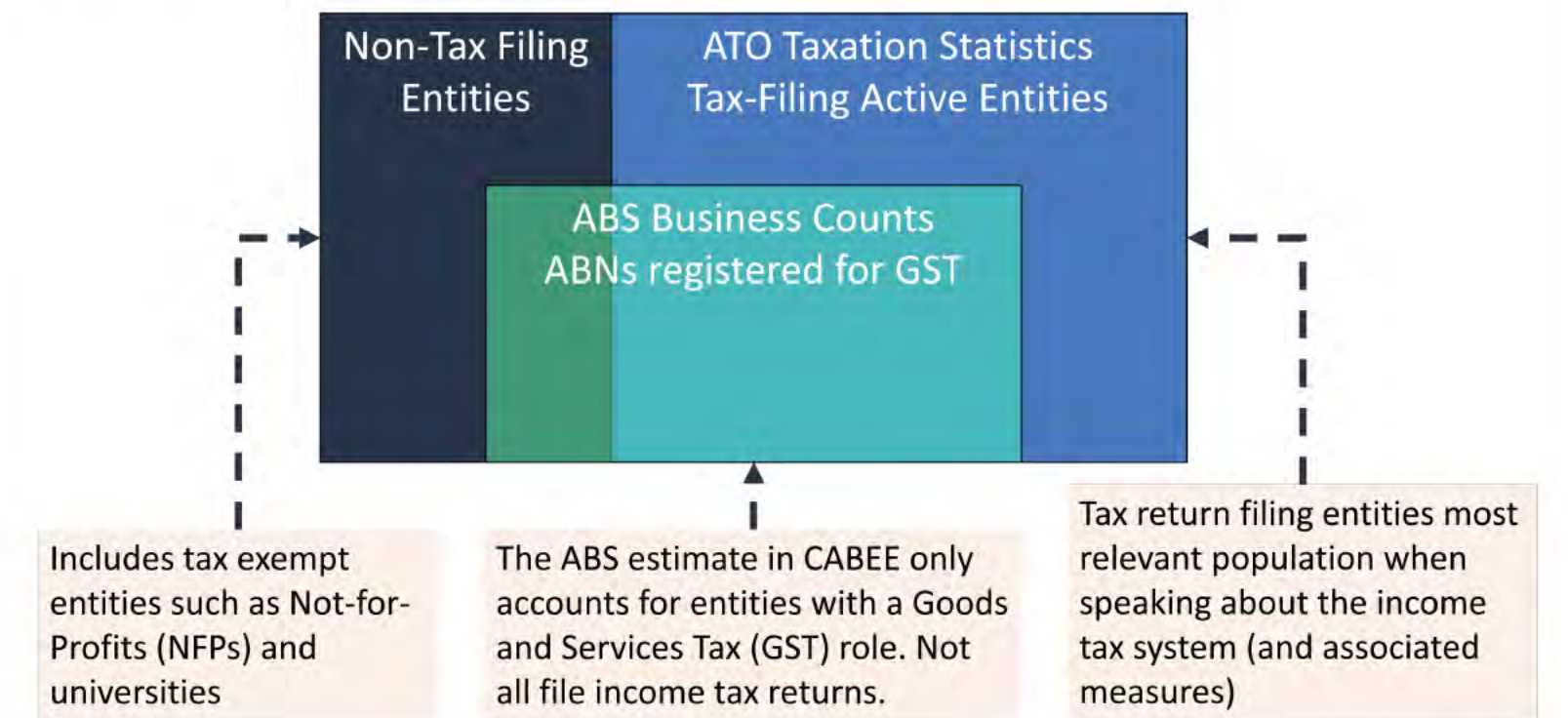
The business serves as separate legal entity from the individual. Companies pay company income tax at 25% if they earn less than \$50 million in annual turnover, and 30% otherwise.

Small business tax filers (by structure)(2022-23)



SMALL BUSINESS COUNTS

Official statistics (ABS, ATO) count business based on active entities on the Australian Business Register (ABR). Different organisations will use different criteria to count small businesses.



ATO Taxation Statistics (2022-23): Counts of tax filers*

Business Size	Incorporated	Unincorporated	Total
under \$10m	1,214,000	2,901,000	4,115,000
\$10m and over	32,000	8,000	41,000
Total	1,246,000	2,910,000	4,156,000

*Disaggregated statistics may not add to total due to rounding

Treasury estimates based on income tax returns. Small business entities refer to companies, trusts, partnerships and individuals reporting business income with annual turnover below \$10 million that file a tax return.

ABS Counts of Australian Businesses, including Entries and Exits (CABEE) (2024-25)

No. Employees	Business Count
Total	2,729,648
Non-employing	1,735,470
1-4 (Micro)	688,870
5-19 (Small)	232,129
20-199 (Medium)	67,857
200+ (Large)	5,322

Based on entities on the ABR registered for GST. Small business defined based on employee head count of less than 20.

INSOLVENCIES

Corporate insolvencies (July 2025)	Business-related personal insolvencies (July 2025)
1,362	355
Insolvency rate: 0.41%	Share of new personal insolvencies: 28.5%
LT historical rate: 0.44%	
As at: 31/07/2025	As at 31/07/2025

Source: ASIC Corporate Insolvency Statistics, AFSA Personal Insolvency Statistics
There are two types of business-related insolvency – corporate insolvencies (when a company becomes insolvent) and business-related personal insolvency (when individuals who were sole traders, in partnerships or directors in companies become insolvent).

The corporate insolvency rate is the proportion of insolvencies to the number of registered companies. The long-term (LT) rates exclude the COVID period (April 2020 to June 2022). The business-related personal insolvency rate is taken as a share of all new personal insolvencies (which includes bankruptcies, debt agreements, personal insolvency agreements and deceased estates).

Insolvencies do not necessarily lead to business closures. For example, small businesses entering corporate insolvency increasingly use the small business restructuring process to remain in business.

DATA SOURCES & UPCOMING RELEASES

Source	Next Release
ASIC - Corporate Insolvency Statistics	Thursday, 2 October 2025
RBA - Interest rates by business size and loan type	Tuesday, 7 October 2025
RBA - Outstanding loans by business size	Thursday, 9 October 2025
NAB - Monthly Business Survey	Tuesday, 14 October 2025
NAB - Quarterly Business Survey	Thursday, 16 October 2025
NAB - Quarterly SME Business Survey	Thursday, 30 October 2025
AFSA - Monthly Personal Insolvency Statistics	Friday, 31 October 2025
ABS - Lending Indicators	Wednesday, 12 November 2025
AFSA - Quarterly Personal Insolvency Statistics	Wednesday, 26 November 2025

Small Business Data Placemat: October 2025

Small business at a glance

Industry Value Added

\$596.0 bn

Share of total 32.5%

In financial year 2023-24

Employment

5.16 m

Share of total 39.1%

In financial year 2023-24

No. Small Businesses

2.66 m

Entries 435,892

Exits -368,199

As at 30/06/2025

Small Business Owners

1.58 m

Female 34.9%

First Nations 1.0%

Migrant 34.0%

As at 10/08/2021

Sources:

- Industry Value Added (IVA) and Employment from ABS Australian Industry Statistics (2023-24)
- No. of Small Businesses from ABS Counts of Australian Businesses, including Entries and Exits (2024-25)
- Small Businesses Owners from ABS Census (2021)

Small business policy & programs

NewAccess for Small Business Owners

7,736

Total attended assessments

Last month +102

As at 30/09/2025

Small Business Debt Helpline

17,134

Total cases

Last month +513

As at 30/09/2025

Digital Solutions 2

11,930

Small businesses engaged

Last 3 months +2,315

As at 30/06/2025

Cyber Wardens

13,363

Program graduates

Last 3 months +3,443

As at 31/07/2025

Cyber Resilience

1,717

Total engagements

Last 3 months +598

As at 30/09/2025

1. SME conditions return to positive territory after more than a year (NAB Quarterly SME Survey Q3)

SME Conditions (Qtr-on-Qtr)

+6.7

SME Confidence (Qtr-on-Qtr)

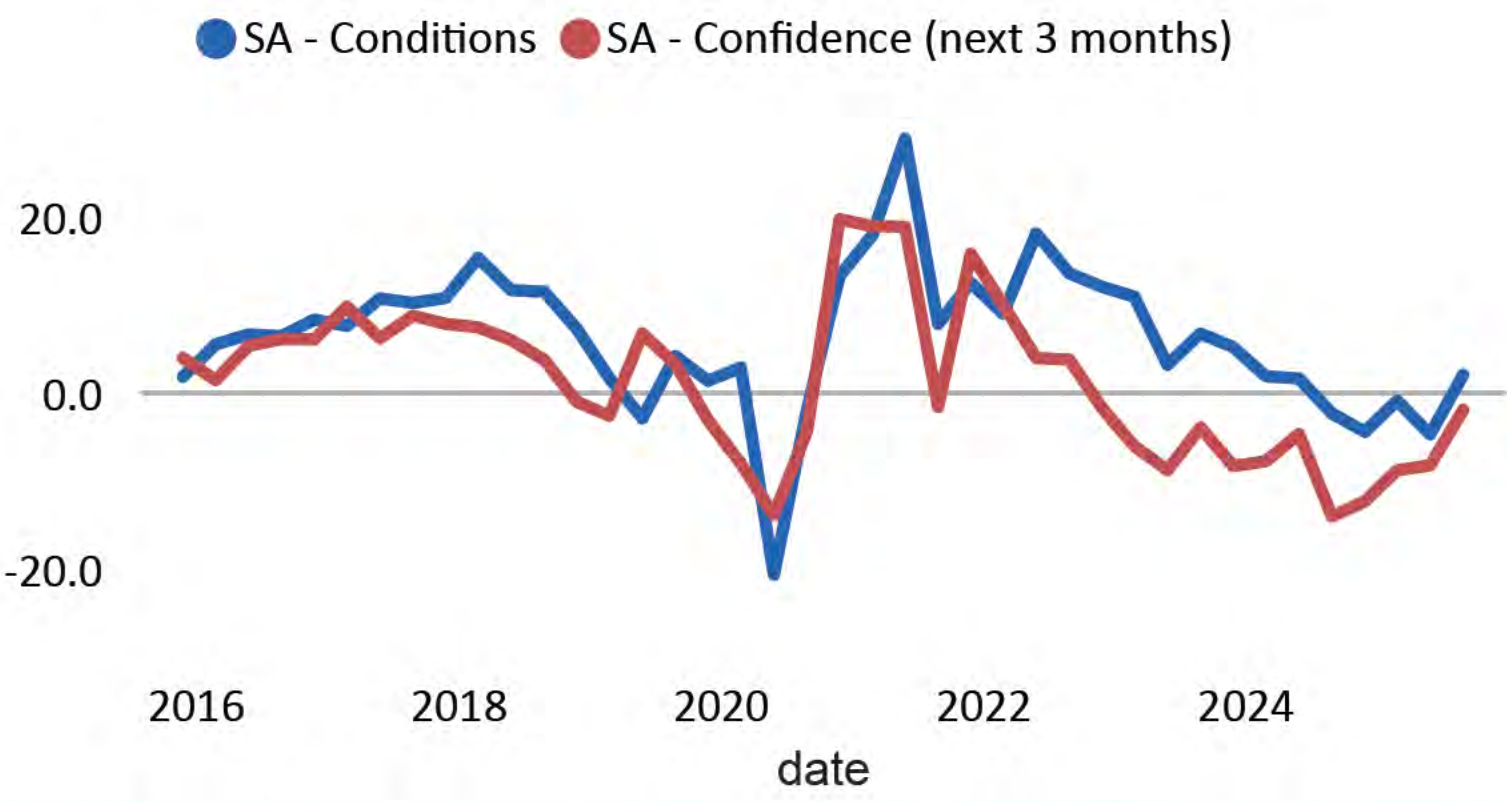
+6.3

Gap between SME & National Conditions

-4.0

- Small business conditions increased by 6.7 points to reach **positive territory** for the **first time since the June quarter 2024**. A positive result means that more businesses surveyed had seen improved profitability or employment over the last quarter.
- SME confidence also showed marked improvements (+6.3 points) and has been steadily climbing since its September quarter 2024 low. **The index is now at its highest level since December quarter 2022.**

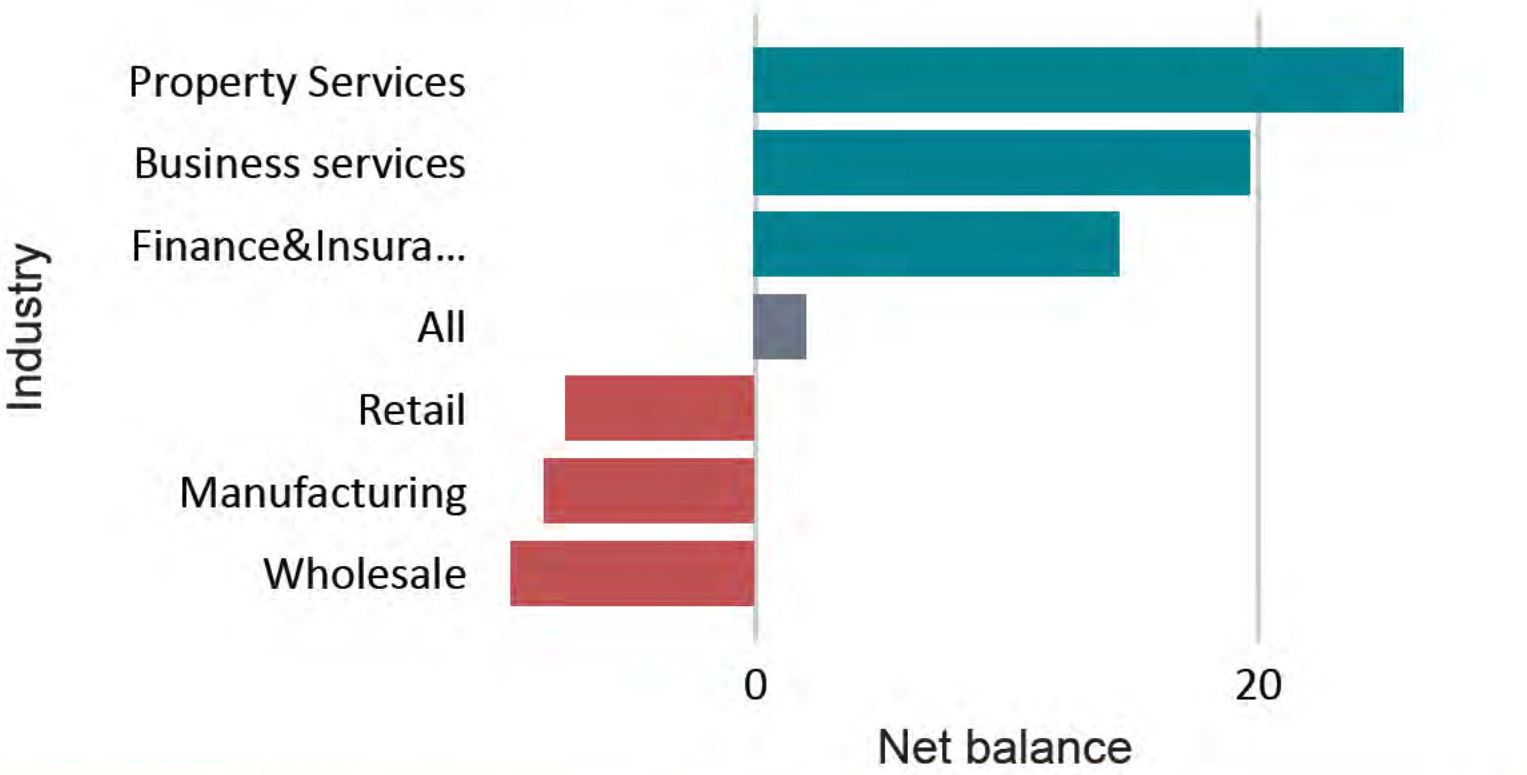
Chart 1: SME Confidence and Conditions (10 years)



2. Improvements spread across all industries but some still struggling (NAB Quarterly SME Survey Q3)

- Improvements in SME conditions were seen in every sector, except for a small decrease in Health.
- The **strongest business conditions** were observed in **Property Services** (at 25.4 points), **Business services** (19.4 points) and **Finance and Insurance** (14.5 points) with more SMEs reporting positively on their profitability and employment in the quarter.
- The **weakest business conditions** were seen in **Retail** (-7.5 points), **Manufacturing** (-8.3 points) and **Wholesale** (-9.7 points) where the net balance of SME responses remained negative.

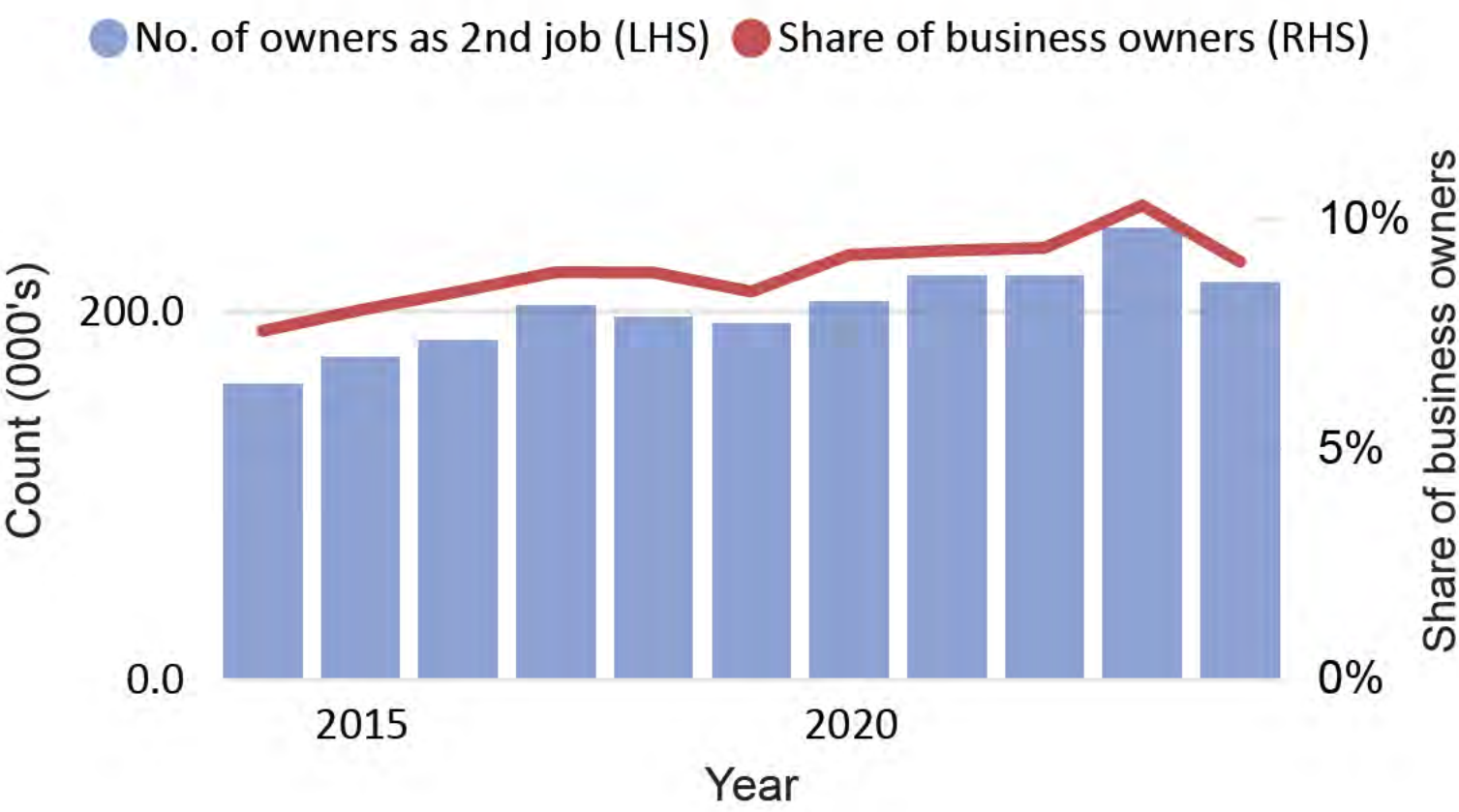
Chart 2: SME Conditions by Industry (Q3 2025)



3. The number employees running a business on the side has been increasing (ABS, 2025)

- In 2024, in addition to 2.16 million people working as owner managers in their main jobs, there **were 214,000 employees running a business in their second jobs, or 9% of all owner-managers**. This proportion was 7.5% in 2014.
- In the same period, nearly **50% of those running a business as a second job** were employed in Education & Training, Health Care & Social Assistance, or Professional, Scientific & Technical Services.
- 34% of the owner managers in their second jobs are under 35 years old**, compared to 17% of owner managers in their main jobs.
- Women make up 51% of the owner managers in their second jobs**, compared to 36% of owner managers in their main jobs.

Chart 3: Employees running business in their 2nd job



SMALL BUSINESS DEFINITIONS

Agency	Definition
ABS	Employs less than 20 people
APRA	Annual revenue under \$75 million. Exposure to borrower is less than \$1.5 million
ASBFEO	Turnover under \$5 million or less than 100 employees
ASIC	Consolidated revenue is below \$25 million; gross assets are under \$12.5 million or less than 50 employees.
ATO	Aggregate turnover below \$10 million
Australian Information Commissioner	Annual turnover under \$3 million
Fair Work Commission	Employs less than 15 people
OECD	Employs less than 50 people

COMMON SMALL BUSINESS STRUCTURES

Unincorporated - Sole Traders

A sole trader is legally responsible for all aspects of their business. Taxes paid at the marginal personal income tax rate.

Unincorporated - Partnerships

Two or more people who distribute income or losses from business between themselves. Not a taxable entity.

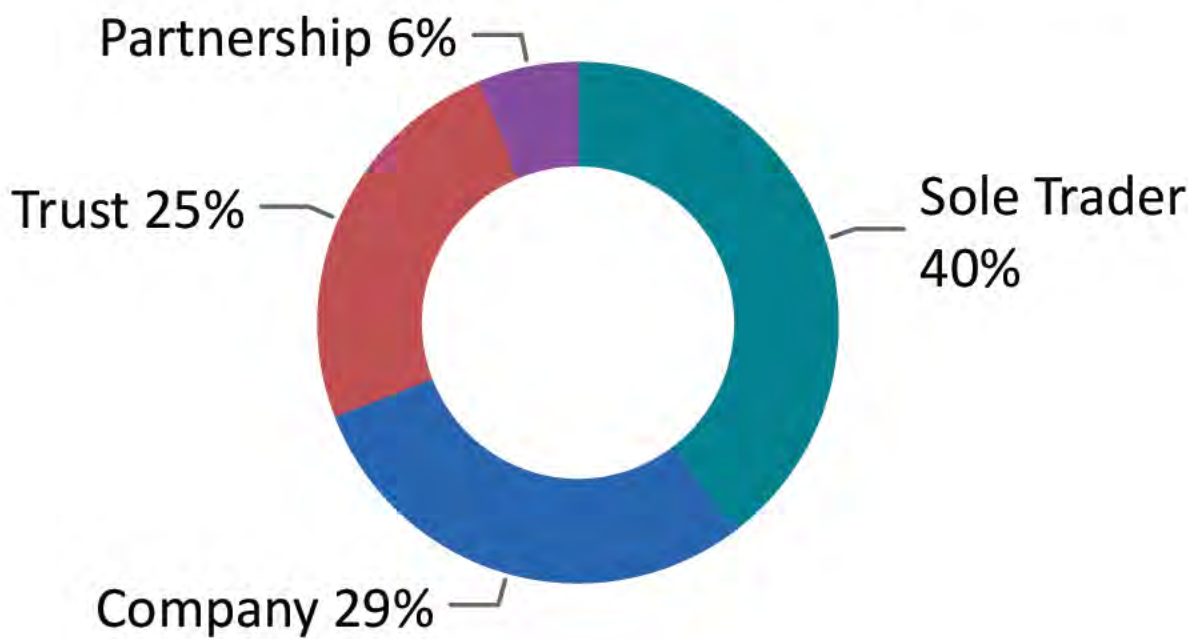
Unincorporated - Trusts

A trustee holds a business for the benefit of its beneficiaries. A trustee can be a person or company. Not a taxable entity.

Incorporated - Companies

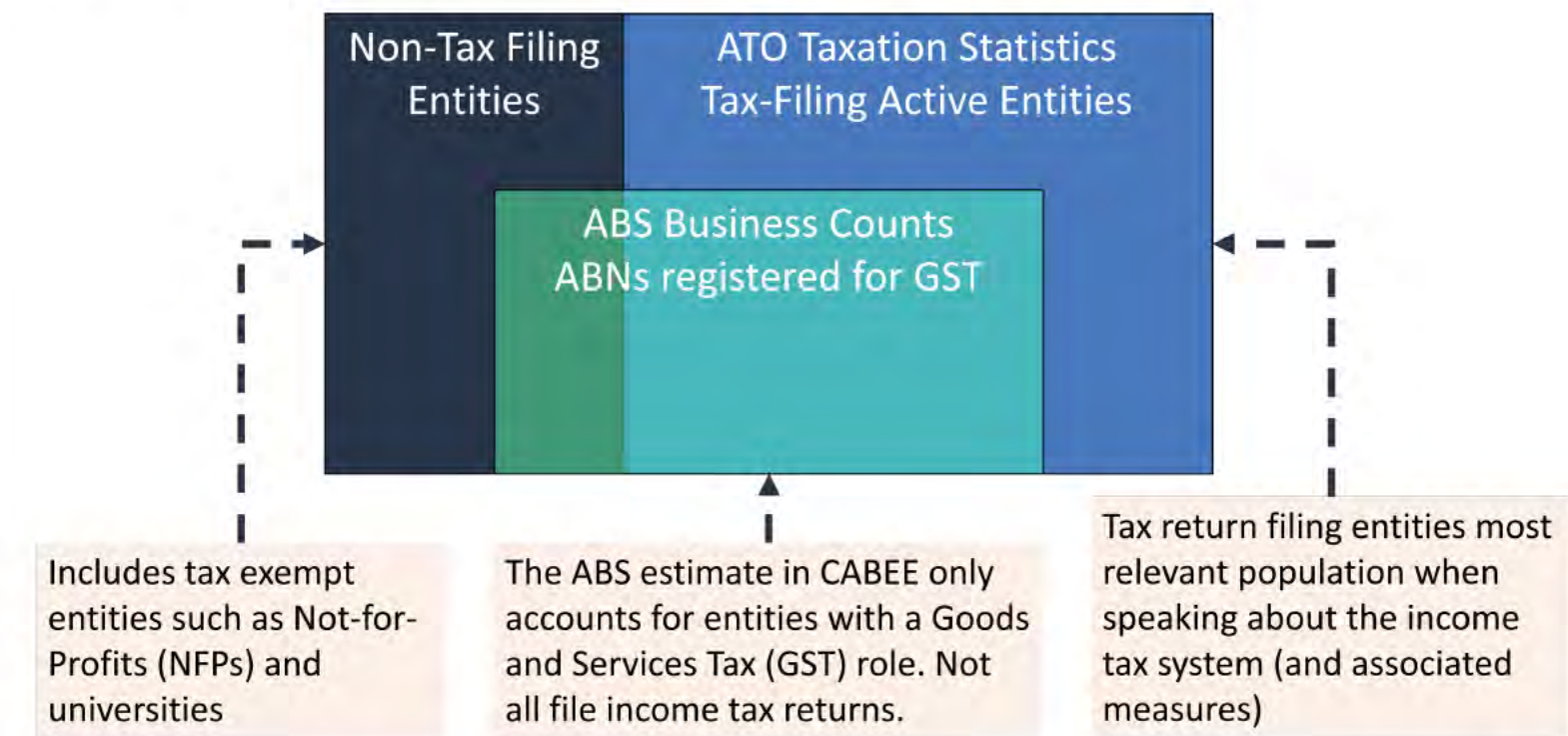
The business serves as separate legal entity from the individual. Companies pay company income tax at 25% if they earn less than \$50 million in annual turnover, and 30% otherwise.

Small business tax filers (by structure)(2022-23)



SMALL BUSINESS COUNTS

Official statistics (ABS, ATO) count business based on active entities on the Australian Business Register (ABR). Different organisations will use different criteria to count small businesses.



ATO Taxation Statistics (2022-23): Counts of tax filers*

Business Size	Incorporated	Unincorporated	Total
under \$10m	1,214,000	2,901,000	4,115,000
\$10m and over	32,000	8,000	41,000
Total	1,246,000	2,910,000	4,156,000

*Disaggregated statistics may not add to total due to rounding

Treasury estimates based on income tax returns. Small business entities refer to companies, trusts, partnerships and individuals reporting business income with annual turnover below \$10 million that file a tax return.

ABS Counts of Australian Businesses, including Entries and Exits (CABEE) (2024-25)

No. Employees	Business Count
Total	2,729,648
Non-employing	1,735,470
1-4 (Micro)	688,870
5-19 (Small)	232,129
20-199 (Medium)	67,857
200+ (Large)	5,322

Based on entities on the ABR registered for GST. Small business defined based on employee head count of less than 20.

INSOLVENCIES

Corporate insolvencies (September 2025)	Business-related personal insolvencies (September 2025)
1,104	323
Insolvency rate: 0.40%	Share of new personal insolvencies: 27.6%
LT historical rate: 0.44%	
As at: 30/09/2025	As at 30/09/2025

Source: ASIC Corporate Insolvency Statistics, AFSA Personal Insolvency Statistics
There are two types of business-related insolvency – corporate insolvencies (when a company becomes insolvent) and business-related personal insolvency (when individuals who were sole traders, in partnerships or directors in companies become insolvent).

The corporate insolvency rate is the proportion of insolvencies to the number of registered companies. The long-term (LT) rates exclude the COVID period (April 2020 to June 2022). The business-related personal insolvency rate is taken as a share of all personal insolvencies (which includes bankruptcies, debt agreements, personal insolvency agreements and deceased estates).

Insolvencies do not necessarily lead to business closures. For example, small businesses entering corporate insolvency increasingly use the small business restructuring process to remain in business.

DATA SOURCES & UPCOMING RELEASES

Source	Next Release
ASIC - Corporate Insolvency Statistics	Friday, 7 November 2025
RBA - Interest rates by business size and loan type	Friday, 7 November 2025
NAB - Monthly Business Survey	Tuesday, 11 November 2025
ABS - Lending Indicators	Wednesday, 12 November 2025
RBA - Outstanding loans by business size	Thursday, 13 November 2025
AFSA - Quarterly Personal Insolvency Statistics	Wednesday, 26 November 2025
AFSA - Monthly Personal Insolvency Statistics	Friday, 28 November 2025

Small Business Data Placemat: November 2025

OFFICIAL FGI M20
Document 48

Small business at a glance

Industry Value Added

\$596.0 bn

Share of total 32.5%

In financial year 2023-24

Employment

5.16 m

Share of total 39.1%

In financial year 2023-24

No. Small Businesses

2.66 m

Entries 435,892

Exits -368,199

As at 30/06/2025

Small Business Owners

1.58 m

Female 34.9%

First Nations 1.0%

Migrant 34.0%

As at 10/08/2021

Sources:

- Industry Value Added (IVA) and Employment from ABS Australian Industry Statistics (2023-24)
- No. of Small Businesses from ABS Counts of Australian Businesses, including Entries and Exits (2024-25)
- Small Businesses Owners from ABS Census (2021)

Small business policy & programs

NewAccess for Small Business Owners

7,970

Total attended assessments

Last month +126

As at 30/11/2025

Small Business Debt Helpline

17,678

Total cases

Last month +544

As at 31/10/2025

Digital Solutions 2

14,023

Small businesses engaged

Last 3 months +2,093

As at 30/09/2025

Cyber Wardens

13,363

Program graduates

Last 3 months +3,443

As at 31/07/2025

Cyber Resilience

1,717

Total engagements

Last 3 months +598

As at 30/09/2025

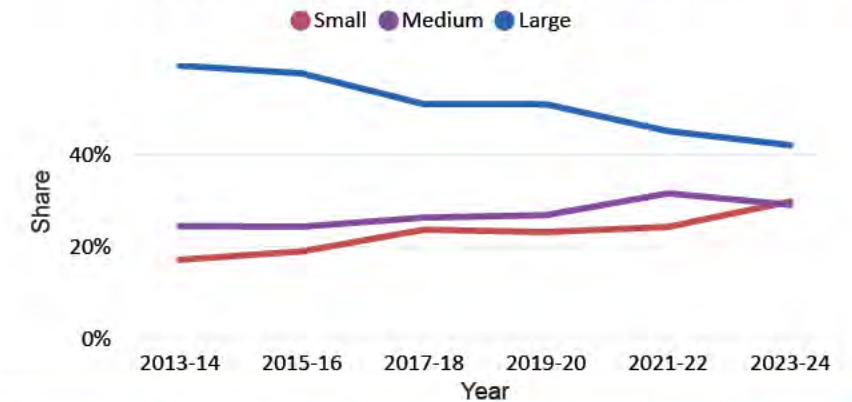
1. Small business share of R&D expenditure exceeded medium business share (ABS, BERD 2023-24)

Expenditure on R&D by small businesses (with less than 20 employees) has increased significantly in the last 10 years. In 2023-24, **small businesses R&D expenditure was \$7.2 billion**, and accounted for **29.5% of all private R&D expenditure**. In 2013-14, small businesses accounted for just 17% of R&D.

Of note, in 2023-24, expenditure by **small businesses on R&D (29.5%) exceeded that of medium businesses (28.8%)**.

Human resources directly involved with R&D activity in small businesses were equivalent to **32,600 full-time employees**, or 31% of the human resources devoted to R&D by all businesses.

Chart 1: Share of R&D expenditure by business size



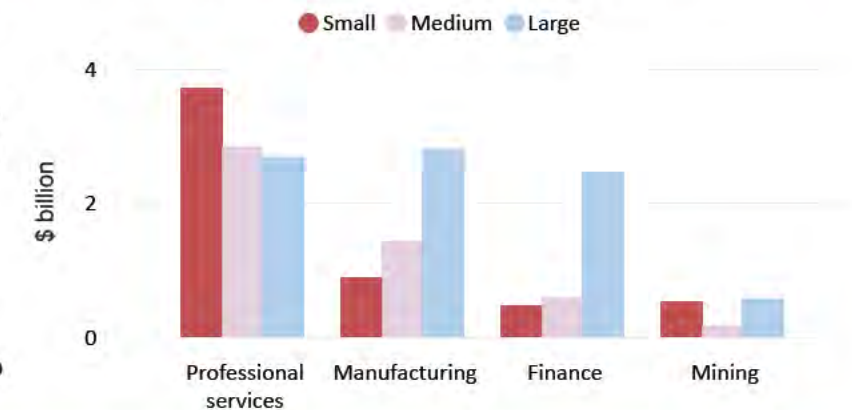
2. Small businesses drove R&D in Professional, Scientific & Technical Services (ABS, BERD 2023-24)

In 2023-24, **51% of small business R&D spending (\$3.7 billion)** was through the **Professional, scientific and technical services** industry.

The next most significant industries for small business R&D were Manufacturing (12% of small business expenditure), Mining (7%) and Financial & insurance services (6%).

Small businesses spent more on R&D than large businesses (businesses with more than 200 employees) in some industries. In **Professional, scientific and technical services**, **small businesses accounted for 40% of total expenditure compared to 28.8% for larger businesses**.

Chart 2: R&D expenditure by sector and business size

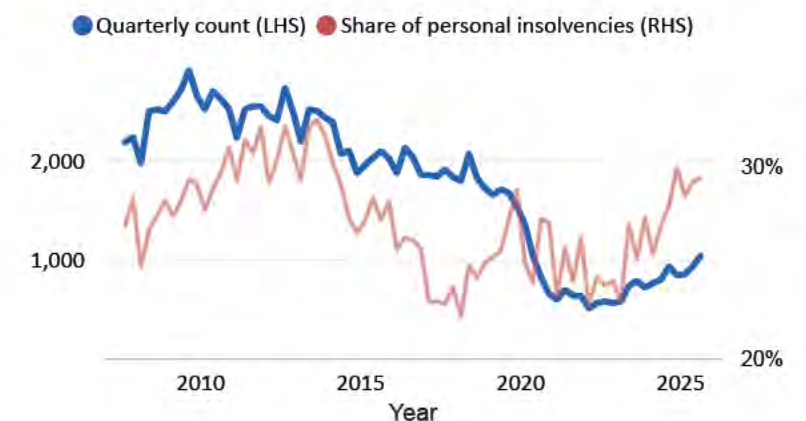


3. Personal business-related insolvencies still below pre-COVID levels but rising (AFSA - Sept Qtr 2025)

Businesses-personal insolvencies have increased over the last 3 quarters to reach 1,036 in September 2024. **Personal insolvency levels are still noticeably below pre-pandemic levels** despite there being larger population of unincorporated businesses.

This however should be seen in context of the whole insolvency system. The Australian Financial Security Authority (AFSA) highlight in their *State of the Insolvency System* report, that **business-related insolvencies accounted for 28.8% of all personal insolvencies in 2024-25**. This was the highest rate since 2013-14.

Chart 3: New Business-related personal insolvencies



SMALL BUSINESS DEFINITIONS

Agency	Definition
ABS	Employs less than 20 people
APRA	Annual revenue under \$75 million. Exposure to borrower is less than \$1.5 million
ASBFEO	Turnover under \$5 million or less than 100 employees
ASIC	Consolidated revenue is below \$25 million; gross assets are under \$12.5 million or less than 50 employees.
ATO	Aggregate turnover below \$10 million
Australian Information Commissioner	Annual turnover under \$3 million
Fair Work Commission	Employs less than 15 people
OECD	Employs less than 50 people

COMMON SMALL BUSINESS STRUCTURES

Unincorporated - Sole Traders

A sole trader is legally responsible for all aspects of their business. Taxes paid at the marginal personal income tax rate.

Unincorporated - Partnerships

Two or more people who distribute income or losses from business between themselves. Not a taxable entity.

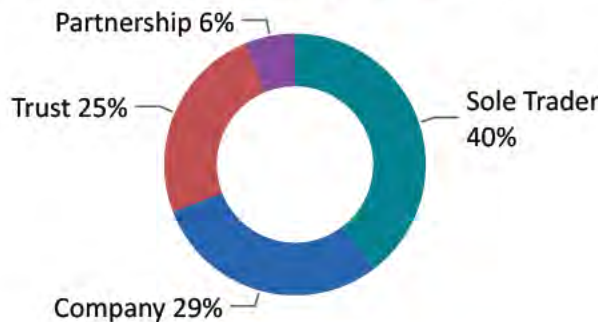
Unincorporated - Trusts

A trustee holds a business for the benefit of its beneficiaries. A trustee can be a person or company. Not a taxable entity.

Incorporated - Companies

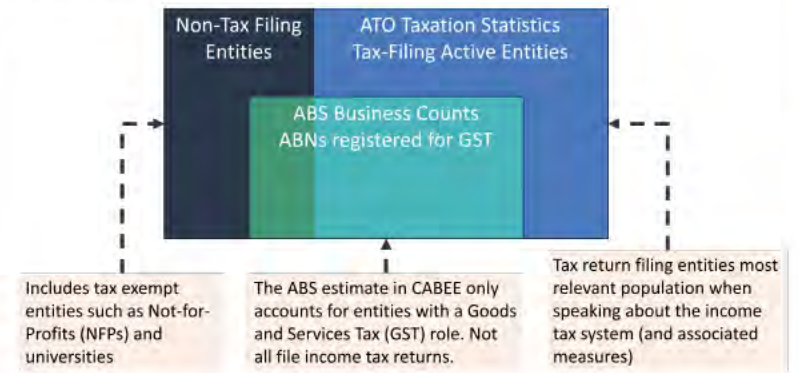
The business serves as separate legal entity from the individual. Companies pay company income tax at 25% if they earn less than \$50 million in annual turnover, and 30% otherwise.

Small business tax filers (by structure)(2022-23)



SMALL BUSINESS COUNTS

Official statistics (ABS, ATO) count business based on active entities on the Australian Business Register (ABR). Different organisations will use different criteria to count small businesses.



ATO Taxation Statistics (2022-23): Counts of tax filers*

Business Size	Incorporated	Unincorporated	Total
under \$10m	1,214,000	2,901,000	4,115,000
\$10m and over	32,000	8,000	41,000
Total	1,246,000	2,910,000	4,156,000

*Disaggregated statistics may not add to total due to rounding

Treasury estimates based on income tax returns. Small business entities refer to companies, trusts, partnerships and individuals reporting business income with annual turnover below \$10 million that file a tax return.

ABS Counts of Australian Businesses, including Entries and Exits (CABEE) (2024-25)

No. Employees	Business Count
Total	2,729,648
Non-employing	1,735,470
1-4 (Micro)	688,870
5-19 (Small)	232,129
20-199 (Medium)	67,857
200+ (Large)	5,322

Based on entities on the ABR registered for GST. Small business defined based on employee head count of less than 20.

INSOLVENCIES

Corporate insolvencies (October 2025)	Business-related personal insolvencies (October 2025)
1,480	318
Insolvency rate: 0.41%	Share of new personal insolvencies: 28.5%
LT historical rate: 0.44%	
As at: 31/10/2025	As at 31/10/2025

Source: ASIC Corporate Insolvency Statistics, AFSA Personal Insolvency Statistics
There are two types of business-related insolvency – corporate insolvencies (when a company becomes insolvent) and business-related personal insolvency (when individuals who were sole traders, in partnerships or directors in companies become insolvent).

The corporate insolvency rate is the proportion of insolvencies to the number of registered companies. The long-term (LT) rates exclude the COVID period (April 2020 to June 2022). The business-related personal insolvency rate is taken as a share of all personal insolvencies (which includes bankruptcies, debt agreements, personal insolvency agreements and deceased estates).

Insolvencies do not necessarily lead to business closures. For example, small businesses entering corporate insolvency increasingly use the small business restructuring process to remain in business.

DATA SOURCES & UPCOMING RELEASES

Source	Next Release
ASIC - Corporate Insolvency Statistics	Friday, 12 December 2025
AFSA Monthly Personal Insolvency Statistics	Wednesday, 31 December 2025
NAB Quarterly SME Business Survey	Thursday, 29 January 2026

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2024-25*

	Non- employing	1-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total
NSW	560,632	257,915	74,847	893,394	21,276	1,933	916,603
Vic	504,336	173,175	58,154	735,665	17,324	1,411	754,400
Qld	324,798	135,571	48,493	508,862	14,231	931	524,024
SA	113,478	35,381	15,352	164,211	4,196	292	168,699
WA	172,145	61,162	24,648	257,955	7,743	575	266,273
Tas	27,112	10,751	4,953	42,816	1,337	91	44,244
NT	9,890	4,118	2,081	16,089	679	28	16,796
ACT	21,572	10,702	3,592	35,866	1,069	61	36,996
Other/ unknown	1,507	95	9	1,611	3	0	1,613
Australia	1,735,470	688,870	232,129	2,656,469	67,857	5,322	2,729,648

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

Table 2: Employment ('000) by state/territory and size, 2023-24

	0-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total
NSW	1,000	733	1,733	1,085	1,469	4,287
Vic	762	567	1,329	897	1,167	3,393
Qld	604	442	1,045	669	916	2,630
SA	176	134	310	203	308	822
WA	297	228	524	374	596	1,494
Tas	55	45	99	62	82	243
NT	21	19	40	32	44	116
ACT	45	39	83	55	74	211
Australia	2,958	2,206	5,165	3,375	4,656	13,196

Table 3: Small business counts of tax filers* by state/territory based on tax return data, 2022-23

State/territory	Counts of tax filers
NSW	1,281,000
Vic	1,148,000
Qld	817,000
SA	295,000
WA	419,000
Tas	73,000
NT	22,000
ACT	58,000
Australia	4,115,000

* This table is a breakdown of small businesses with turnover less than \$10 million. There are data reliability issues with these state breakdowns – for example, where a business operates across state borders. This breakdown is provided for indicative purposes only. Income tax return data is not suitable to provide a reliable breakdown of businesses with aggregated turnover greater than \$10 million by state.

Small business at a glance

Industry Value Added

\$596.0 bn

Share of total 32.5%

In financial year 2023-24

Employment

5.16 m

Share of total 39.1%

In financial year 2023-24

No. Small Businesses

2.66 m

Entries 435,892

Exits -368,199

As at 30/06/2025

Small Business Owners

1.58 m

Female 34.9%

First Nations 1.0%

Migrant 34.0%

As at 10/08/2021

Sources:

- Industry Value Added (IVA) and Employment from ABS Australian Industry Statistics (2023-24)
- No. of Small Businesses from ABS Counts of Australian Businesses, including Entries and Exits (2024-25)
- Small Businesses Owners from ABS Census (2021)

Small business policy & programs

NewAccess for Small Business Owners

8,025

Total attended assessments

Last month +55

As at 31/12/2025

Small Business Debt Helpline

18,533

Total cases

Last month +386

As at 31/12/2025

Digital Solutions 2

14,023

Small businesses engaged

Last 3 months +2,093

As at 30/09/2025

Cyber Wardens

17,105

Program graduates

Last 3 months +3,742

As at 31/10/2025

Cyber Resilience

2,285

Total engagements

Last 3 months +568

As at 31/12/2025

1. Small business confidence and conditions flat over December quarter (NAB Quarterly SME survey Q4)

SME Condtions (Qtr-on-Qtr)

-1.5

SME Confidence (Qtr-on-Qtr)

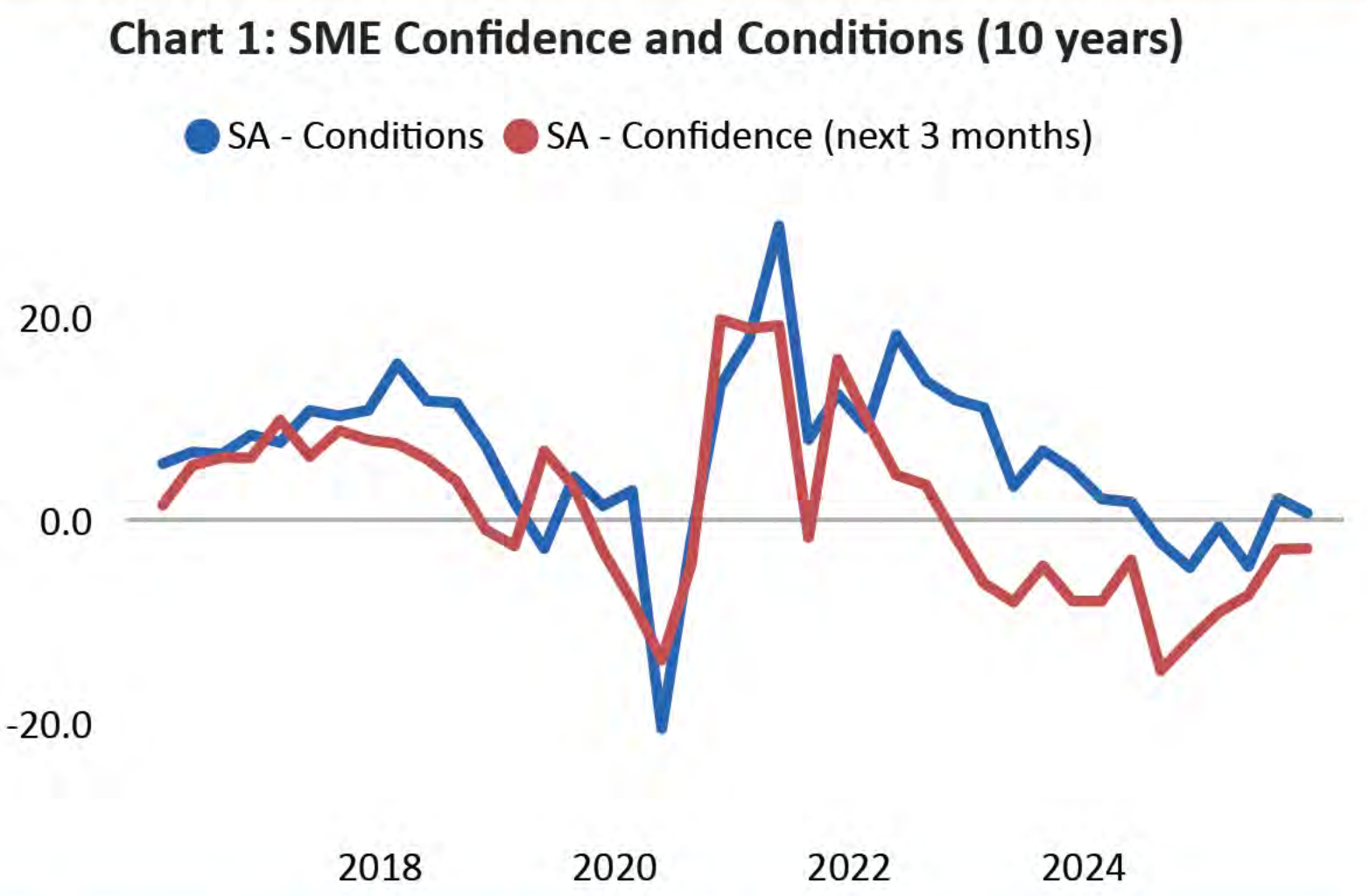
+0.1

Gap between SME & National Conditions

-6.6

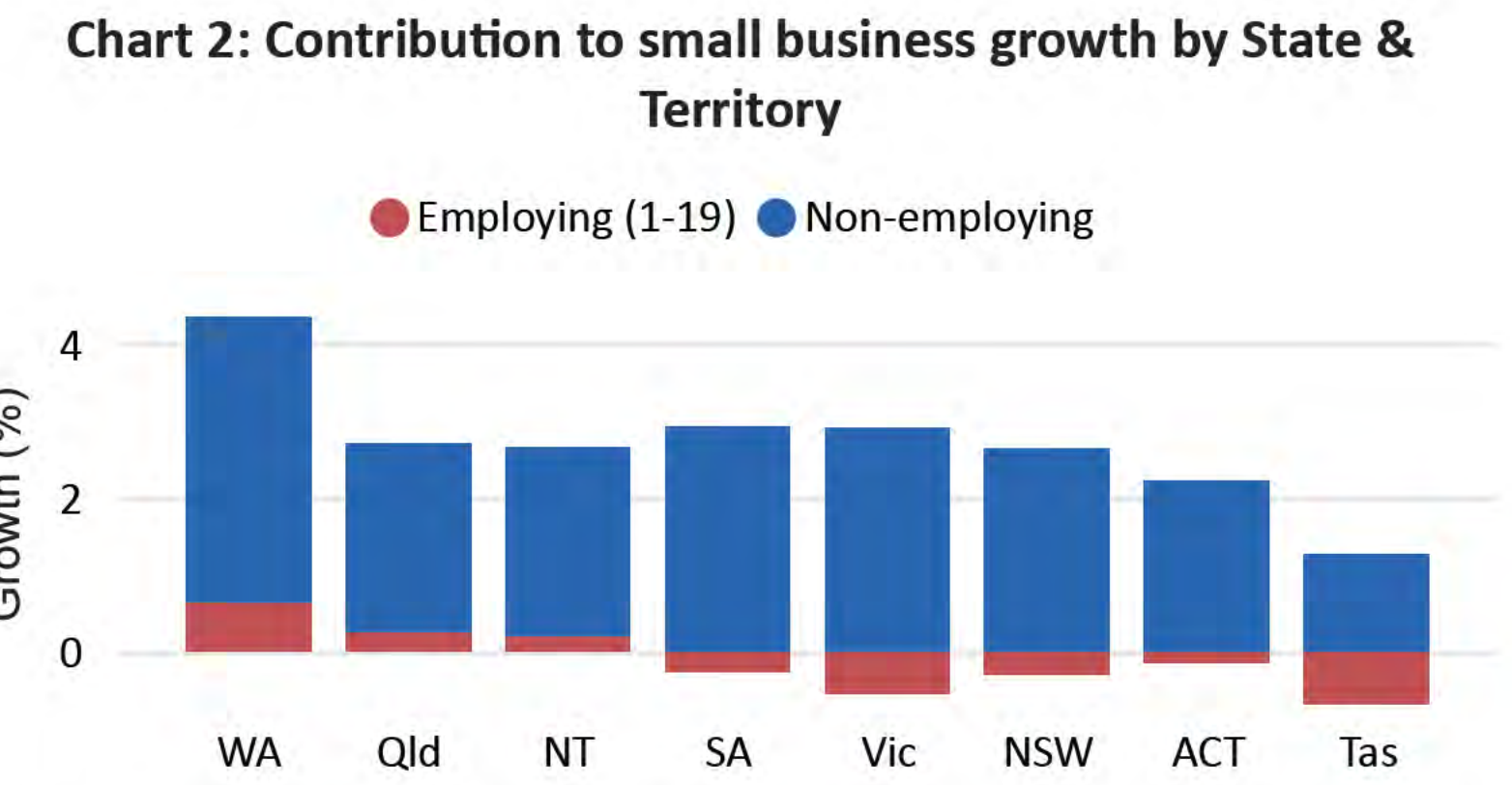
In the December quarter of 2025, **SME business conditions fell by 1.5 points** compared to the September quarter **but remained in positive territory**. SME conditions and confidence showed an **improvement over calendar 2025 but were still 4 points below long run averages**. Results were mixed across industries with large gains in Wholesale, Manufacturing and Property offset by falls in Transport and Hospitality.

Small business **confidence rose slightly (+0.1 points)** but still maintain the strong improvement in the outlook since September quarter 2024

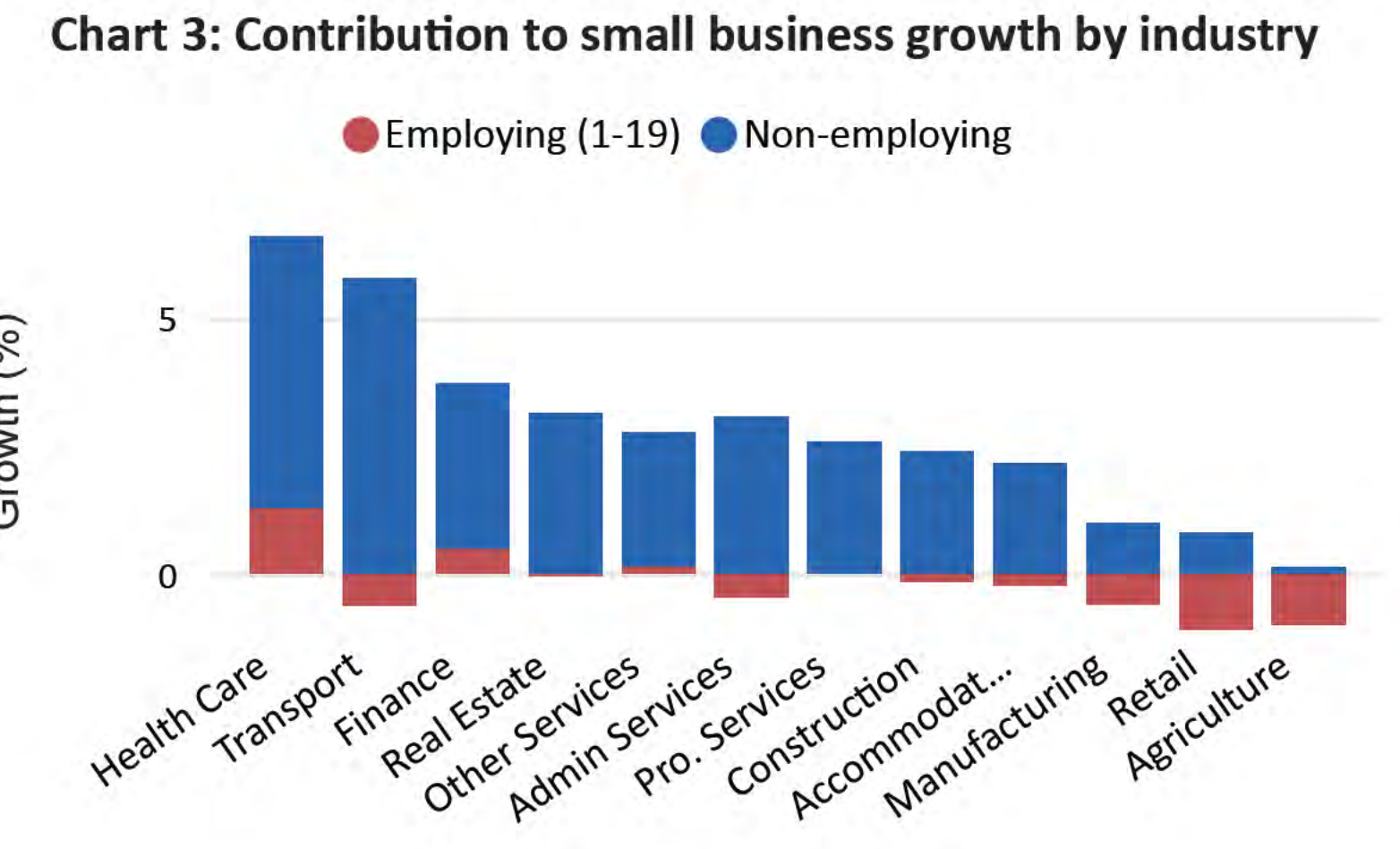


2. Non-employing businesses driving growth in number of small businesses (ABS, CABEE 2024-25)

- States and Territories**
- Small businesses are comprised of employing and non-employing businesses. In 2024-25, the **number of small businesses increased in all states and territories** compared to 2023-24. **Western Australia grew the most** with +4.3% increase in the number of small businesses followed by Queensland (+2.7%). Tasmania had the lowest growth (+0.5%) in the number of small businesses.
 - The increases were **driven by strong growth in non-employing businesses** across all states and territories (4.3% overall).
 - The number of **small employing businesses** increased in Western Australia (1.8%), Queensland (0.7%) and Northern Territory (0.5%) while decreased in remaining states and territories.



- Industries**
- The **number of small businesses grew in all industries** in 2024-25 compared to 2023-24 except Agriculture (-0.9%) and Retail (-0.3%).
 - Health Care & Social Assistance experienced the largest growth (+6.6%), followed by Transport (+5.1%) **driven by growth in non-employing businesses** (+7.0% in Transport and +8.5% in Health Care & Social Assistance).
 - The **number of small employing businesses however decreased in two thirds of sectors** with the largest decreases occurring in Agriculture (-3.9%) and Transport (-3.6%).



SMALL BUSINESS DEFINITIONS

Agency	Definition
ABS	Employs less than 20 people
APRA	Annual revenue under \$75 million. Exposure to borrower is less than \$1.5 million
ASBFEO	Turnover under \$5 million or less than 100 employees
ASIC	Consolidated revenue is below \$25 million; gross assets are under \$12.5 million or less than 50 employees.
ATO	Aggregate turnover below \$10 million
Australian Information Commissioner	Annual turnover under \$3 million
Fair Work Commission	Employs less than 15 people
OECD	Employs less than 50 people

COMMON SMALL BUSINESS STRUCTURES

Unincorporated - Sole Traders

A sole trader is legally responsible for all aspects of their business. Taxes paid at the marginal personal income tax rate.

Unincorporated - Partnerships

Two or more people who distribute income or losses from business between themselves. Not a taxable entity.

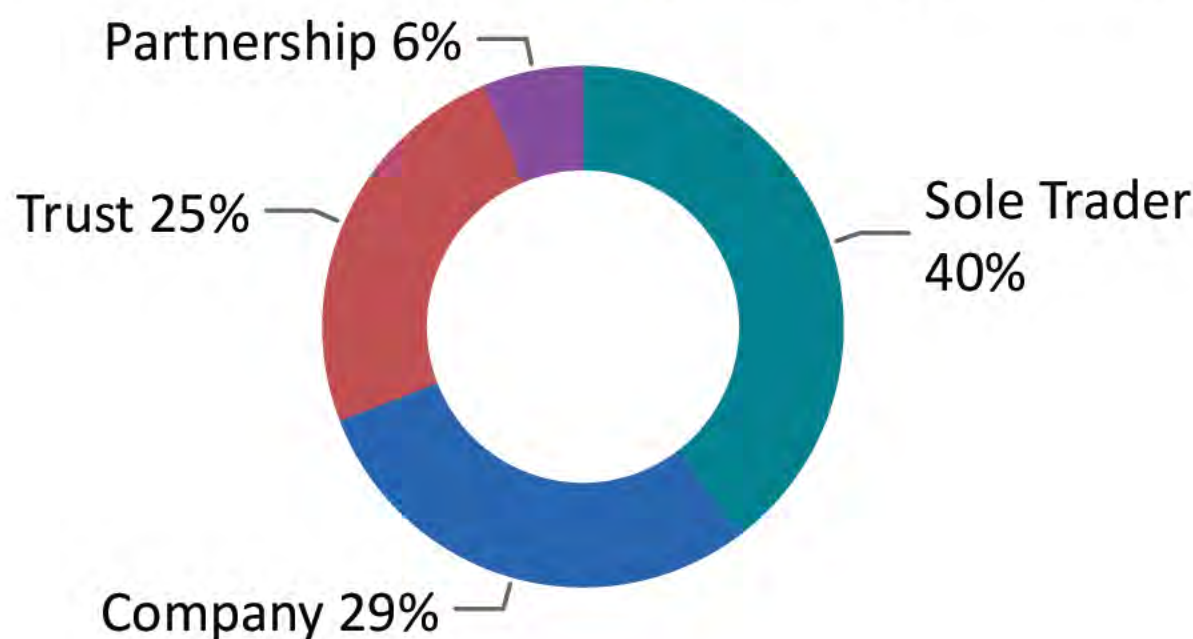
Unincorporated - Trusts

A trustee holds a business for the benefit of its beneficiaries. A trustee can be a person or company. Not a taxable entity.

Incorporated - Companies

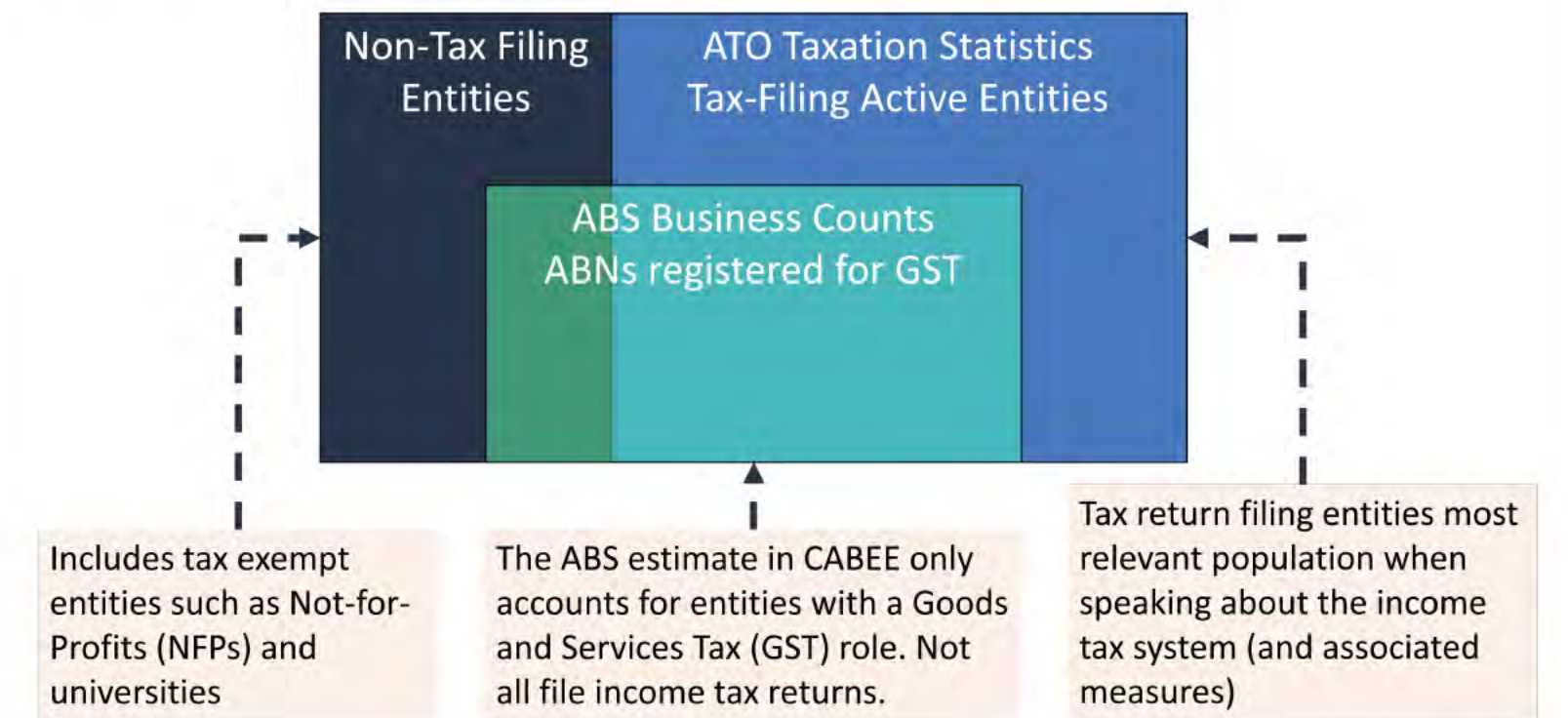
The business serves as separate legal entity from the individual. Companies pay company income tax at 25% if they earn less than \$50 million in annual turnover, and 30% otherwise.

Small business tax filers (by structure)(2022-23)



SMALL BUSINESS COUNTS

Official statistics (ABS, ATO) count business based on active entities on the Australian Business Register (ABR). Different organisations will use different criteria to count small businesses.



ATO Taxation Statistics (2022-23): Counts of tax filers*

Business Size	Incorporated	Unincorporated	Total
under \$10m	1,214,000	2,901,000	4,115,000
\$10m and over	32,000	8,000	41,000
Total	1,246,000	2,910,000	4,156,000

*Disaggregated statistics may not add to total due to rounding

Treasury estimates based on income tax returns. Small business entities refer to companies, trusts, partnerships and individuals reporting business income with annual turnover below \$10 million that file a tax return.

ABS Counts of Australian Businesses, including Entries and Exits (CABEE) (2024-25)

No. Employees	Business Count
Total	2,729,648
Non-employing	1,735,470
1-4 (Micro)	688,870
5-19 (Small)	232,129
20-199 (Medium)	67,857
200+ (Large)	5,322

Based on entities on the ABR registered for GST. Small business defined based on employee head count of less than 20.

INSOLVENCIES

Corporate insolvencies (November 2025)	Business-related personal insolvencies (November 2025)
1,071	298
Insolvency rate: 0.39%	Share of new personal insolvencies: 30.0%
LT historical rate: 0.44%	
As at: 30/11/2025	As at 30/11/2025

Source: ASIC Corporate Insolvency Statistics, AFSA Personal Insolvency Statistics

There are two types of business-related insolvency – corporate insolvencies (when a company becomes insolvent) and business-related personal insolvency (when individuals who were sole traders, in partnerships or directors in companies become insolvent).

The corporate insolvency rate is the proportion of insolvencies to the number of registered companies. The long-term (LT) rates exclude the COVID period (April 2020 to June 2022). The business-related personal insolvency rate is taken as a share of all personal insolvencies (which includes bankruptcies, debt agreements, personal insolvency agreements and deceased estates).

Insolvencies do not necessarily lead to business closures. For example, small businesses entering corporate insolvency increasingly use the small business restructuring process to remain in business.

DATA SOURCES & UPCOMING RELEASES

Source	Next Release
RBA - Interest rates by business size and loan type	Friday, 6 February 2026
ASIC - Corporate Insolvency Statistics	Monday, 9 February 2026
ABS - Lending Indicators	Wednesday, 11 February 2026
RBA - Outstanding loans by business size	Thursday, 12 February 2026
ABS - Monthly Employee Earnings	Wednesday, 25 February 2026
ASBFEO - Small Business Pulse	Wednesday, 25 February 2026
Westpac - Quarterly Business Snapshot	Wednesday, 25 February 2026
AFSA - Quarterly Personal Insolvency Statistics	Friday, 27 February 2026

Small Business Data & Conditions Quarterly Placemat: March 2026

OFFICIAL
FCI 4020
Document 51

Small business at a glance

Industry Value Added
\$596.0 bn

Share of total 32.5%
In financial year 2023-24

Employment
5.16 m

Share of total 39.1%
In financial year 2023-24

No. Small Businesses
2.66 m

Entries 435,892
Exits -368,199
As at 30/06/2025

Small Business Owners
1.58 m

Female 34.9%
First Nations 1.0%
Migrant 34.0%
As at 10/08/2021

Sources:

- Industry Value Added (IVA) and Employment from ABS Australian Industry Statistics (2023-24)
- No. of Small Businesses from ABS Counts of Australian Businesses, including Entries and Exits (2024-25)
- Small Businesses Owners from ABS Census (2021)

Small business policy & programs

NewAccess for Small Business Owners
8,392

Total attended assessments

Last month +226
As at 28/02/2026

Small Business Debt Helpline
19,720

Total cases

Last month +661
As at 28/02/2026

Digital Solutions 2
14,023

Small businesses engaged

Last 3 months
+2,093
As at 30/09/2025

Cyber Wardens
21,146

Program graduates

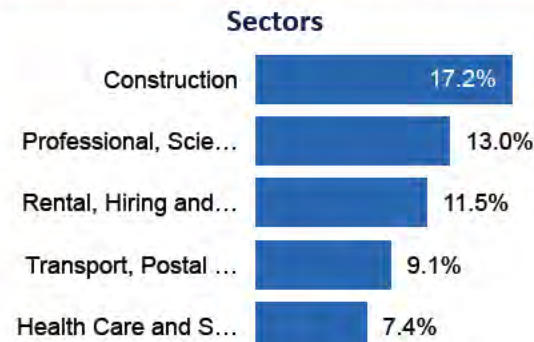
Last 3 months
+4,041
As at 31/01/2026

Cyber Resilience
2,285

Total engagements

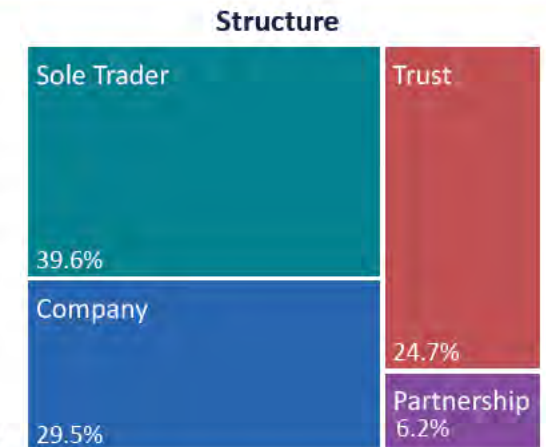
Last 3 months
+568
As at 31/12/2025

Small business structure and characteristics



Sources:

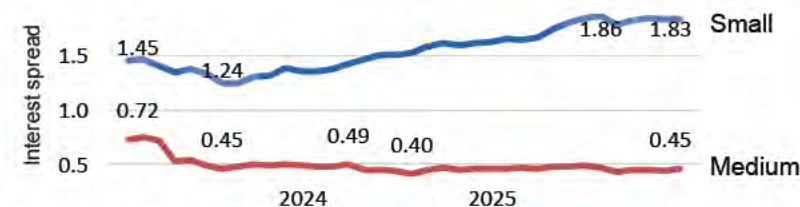
- Sector and employment size from ABS Counts of Australian Businesses, including Entries and Exits (2024-25)
- Structure from ATO Tax Statistics 2022-23



1. Small business interest spread stops increasing

In January 2026, the difference in interest rates on outstanding loans between SMEs and large businesses (interest rate spread) continued to ease after the increase since July 2023.

Chart 1: Small business interest rate spread by loan size

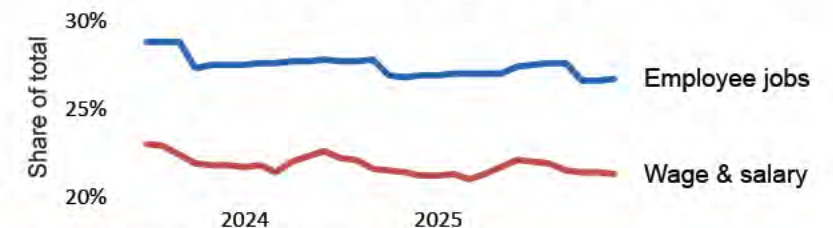


Source: RBA Table F7 Business lending rates

2. Small business employee jobs remained flat

Small businesses provide 4.1 million employee jobs (26.6% of the total employee jobs) and paid \$22.8 billion in wages and salaries (21.2% of total wages & salaries) in December 2025.

Chart 2: Small business employee jobs and wages & salaries



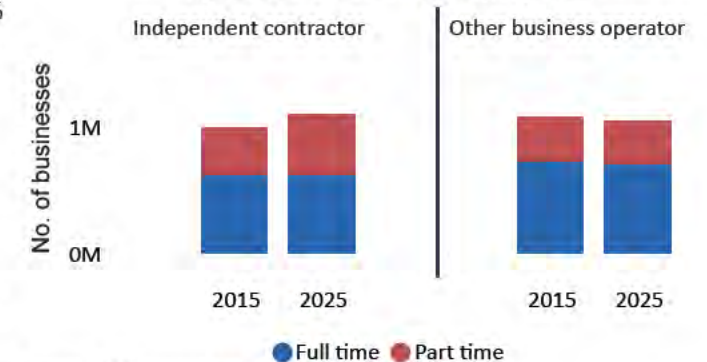
Source: ABS Monthly Employee earnings

3. Independent contractors drove rise in the number of business owners

As at August 2025, there were nearly 1.1 million independent contractors, accounting for 7.6% of total employment and 51.1% of all business owners. Between 2015 and 2025, the number of independent contractors increased 11.2% while the number of other business operators decreased 2.8%. The increase was driven by the growth of female and part time contractors.

- Industries with the largest share of independent contractors in the total employment are Administrative services (21.7%) and Construction (21.3%).
- Meanwhile, other business operators make up a larger share in Agriculture, forestry & fishing (42.7%) and Rental & real estate services (18.9%).
- 33.6% of independent contractors are female, of which 64.6% work part time.
- 27.0% of independent contractors are technicians and trades workers, 26.3% are professionals, 11.8% work as managers and 11.2% work as labourers.

Chart 3: Independent contractors and other business operators by form of employment



Source: ABS Characteristics of Employment Survey 2025

Small business conditions and confidence, Quarter 4 2025

- Indicators of small business economic conditions and confidence improved over the December quarter 2025 with sales and profitability stabilising, private sector momentum is increasing.
- Conditions, however, are still weaker than long term average levels suggesting continuing economic pressure in the form of high cost levels.
- The Middle East conflict and consequent energy price shock are expected to have considerable impacts on small business conditions in Quarter 1 2026, updated data is not yet available.
- Early reports from CreditorWatch in April 2026 note that industries with heavy fuel and energy use are facing acute cost pressures. These costs can intensify inflation, strain cash flow and raise insolvency risk across the broader economy.

NAB SME Business Survey Quarter 4 2025

- (+) SME business conditions fell slightly compared to the September quarter but remained positive. SME confidence remained flat after improving since the September quarter 2024.
- (~) SME conditions and confidence improved over the last 12 months but were still 4 points below long run averages.
- (-) SME conditions remained below the conditions for broader economy and the gap has widened since the March quarter 2025.

SME Conditions
(Qtr-on-Qtr)
-1.5

SME Confidence
(Qtr-on-Qtr)
+0.1

Gap between SME &
National Conditions
-6.6

Westpac Business Snapshot, Quarter 4 2025

- (+) Cashflow indicator was stable over Quarter 4 and increased 1.1% compared to a year earlier.
- (+) SMEs cashflow continued to lag behind larger businesses and remained below pre-pandemic levels.
- (+) Revenues ceased declining given improved demand conditions while expenses fell slightly.
- [Westpac Business Snapshot: December 2025](#)

RBA Bulletin: Small Business Economic & Financial Conditions, Oct 2025

- (+) The economic environment has improved for small businesses over the past year.
- (+) Most small businesses remain profitable, and many have reportedly supported margins by implementing cost-saving initiatives.
- (-) Conditions, however, still remain subdued.
- [Small Business Economic and Financial Conditions | Bulletin – October 2025 | RBA](#)

Xero Small Business Insights, Quarter 4 2025

- (+) Small business sales grew 6.7% year-on-year in the December quarter, the largest growth since mid 2023.
- (+) Payment time to small businesses was 23.9 days on average, the fastest payment time since the series started in January 2017.
- (+) Job grew 3.4% year on year, the largest growth in the last two years.
- [Australian Small Business Insights | Xero AU](#)

MYOB Business Monitor, November 2025

- (+) 67% of surveyed SMEs reported steady or increased revenue and 65% reported stable or increased profits over the 12 months to November 2025.
- (+) The share of SMEs reporting steady or increased revenue and profits remained stable compared to December 2024.
- (-) Utility costs, fuel prices and profitability remained the top three pressure points for SMEs.
- [MYOB Media Releases, Expert Insights and White Paper](#)

CreditorWatch Business Risk Index, Mar 2026

- (-) After easing in the later half of 2025, corporate insolvencies picked up sharply in February 2026. Trade payment defaults improved in early 2025 but slightly deteriorated in late 2025.
- (-) Increased oil prices pushed industries with heavy fuel and energy use, in particular Road Freight Transport, under acute cost pressures.
- (+/-) Insolvencies decreased in half of sectors but picked up in Retail Trade, Manufacturing and Transport in quarter 4 2025..
- [Energy shock update: Australia's most essential industries are now its most exposed | CreditorWatch](#)

INSOLVENCIES

Corporate insolvencies
(February 2026)

1,260

Insolvency rate: 0.40%

LT historical rate: 0.44%

As at: 28/02/2026

Business-related personal
insolvencies (February 2026)

305

Share of new personal

insolvencies: 31.7%

As at 28/02/2026

Source: ASIC Corporate Insolvency Statistics, AFSA Personal Insolvency Statistics

The corporate insolvency rate is the proportion of insolvencies to the number of registered companies.

Insolvencies do not necessarily lead to business closures. For example, small businesses entering corporate insolvency increasingly use the small business restructuring process to remain in business.

SMALL BUSINESS DEFINITIONS

Agency	Definition
ABS	Employs less than 20 people
APRA	Annual revenue under \$75 million. Exposure to borrower is less than \$1.5 million
ASBFEO	Turnover under \$5 million or less than 100 employees
ASIC	Consolidated revenue is below \$25 million; gross assets are under \$12.5 million or less than 50 employees.
ATO	Aggregate turnover below \$10 million
Australian Information Commissioner	Annual turnover under \$3 million
Fair Work Commission	Employs less than 15 people
OECD	Employs less than 50 people

UPCOMING DATA RELEASES

Source	Next Release
ASIC Corporate Insolvency Statistics	Monday, 6 April 2026
RBA Interest rates by business size and loan type	Thursday, 9 April 2026
RBA Outstanding loans by business size	Thursday, 9 April 2026
ScotPac SME Growth Index	Friday, 1 May 2026
ABS Lending Indicators	Wednesday, 13 May 2026
ABS Monthly Employee Earnings	Wednesday, 20 May 2026

ATTACHMENT B – DATA ON BUSINESS SIZE BY STATE/TERRITORY*Table 1: Business counts* by state/territory and size, 2024-25*

	Non- employing	1-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total
NSW	560,632	257,915	74,847	893,394	21,276	1,933	916,603
Vic	504,336	173,175	58,154	735,665	17,324	1,411	754,400
Qld	324,798	135,571	48,493	508,862	14,231	931	524,024
SA	113,478	35,381	15,352	164,211	4,196	292	168,699
WA	172,145	61,162	24,648	257,955	7,743	575	266,273
Tas	27,112	10,751	4,953	42,816	1,337	91	44,244
NT	9,890	4,118	2,081	16,089	679	28	16,796
ACT	21,572	10,702	3,592	35,866	1,069	61	36,996
Other/ unknown	1,507	95	9	1,611	3	0	1,613
Australia	1,735,470	688,870	232,129	2,656,469	67,857	5,322	2,729,648

* Business count data are derived from tables which have 'perturbation' applied. That is, ABS make adjustments to the 'true' data for confidentiality reasons. This means that components will not necessarily sum to totals, and that tables aggregated from different breakdowns of data may yield different totals.

** ABS publishes the totals for employment size, and state/territory (separately) without adjustment (i.e. unperturbed), these values are in the table.

Table 2: Employment ('000) by state/territory and size, 2024-25

	0-4 employees	5-19 employees	0-19 employees	20-199 employees	200+ employees	Total
NSW	1,017	726	1,743	1,099	1,476	4,317
Vic	776	558	1,333	922	1,207	3,462
Qld	622	452	1,074	677	963	2,713
SA	187	137	325	203	310	837
WA	311	236	547	381	620	1,548
Tas	56	45	101	58	85	243
NT	21	20	41	35	44	119
ACT	47	36	84	51	77	212
Australia	3,037	2,209	5,246	3,425	4,781	13,451

Table 3: Small business counts of tax filers* by state/territory based on tax return data, 2023-24

State/territory	Counts of tax filers
NSW	1,330,000
Vic	1,204,000
Qld	851,000
WA	441,000
SA	306,000
Tas	75,000
ACT	60,000
NT	23,000
Australia	4,291,000

* This table is a breakdown of small businesses with turnover less than \$10 million. There are data reliability issues with these state breakdowns – for example, where a business operates across state borders. This breakdown is provided for indicative purposes only. Income tax return data is not suitable to provide a reliable breakdown of businesses with aggregated turnover greater than \$10 million by state.

Small Business Snapshot - July 2026

Sector in Focus: Transport, Postal and Warehousing

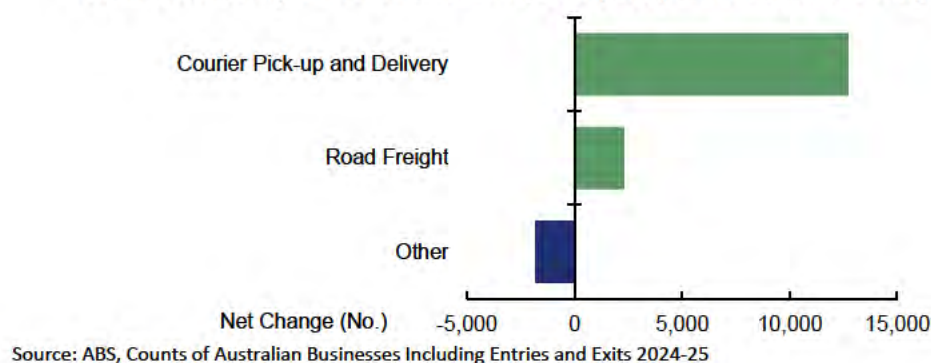
Small business population

There were 246,806 small businesses (9.3% of all small businesses) operating in Transport, Postal and Warehousing in 2024-25. Almost all (99.0%) of businesses in the industry are small businesses with fewer than 20 employees and 83.2% had no employees.

Small businesses in the sector are concentrated in Courier Pick-up and Delivery Services (27.1%), Road Freight Transport (26.0%), Other Transport Support Services (26.0%), and Taxi and Other Road Transport (13.4%).

The number of small businesses in the sector grew by 5.1% in 2024-25 making it the second fastest growing industry. Non-employing businesses, particularly 'Courier Pick-up and Delivery Services', drove this growth. In 2024-25, there were an addition of nearly 13,000 (+26.8%) in the number of non-employing Courier Pick-up and Delivery businesses and more than 3,400 (+9.2%) in the number of number non-employing Road Freight Transport businesses. Meanwhile, the number of small employing businesses in the sector decreased by nearly 1,500 businesses (-3.6%), mostly in Road Freight Transport.

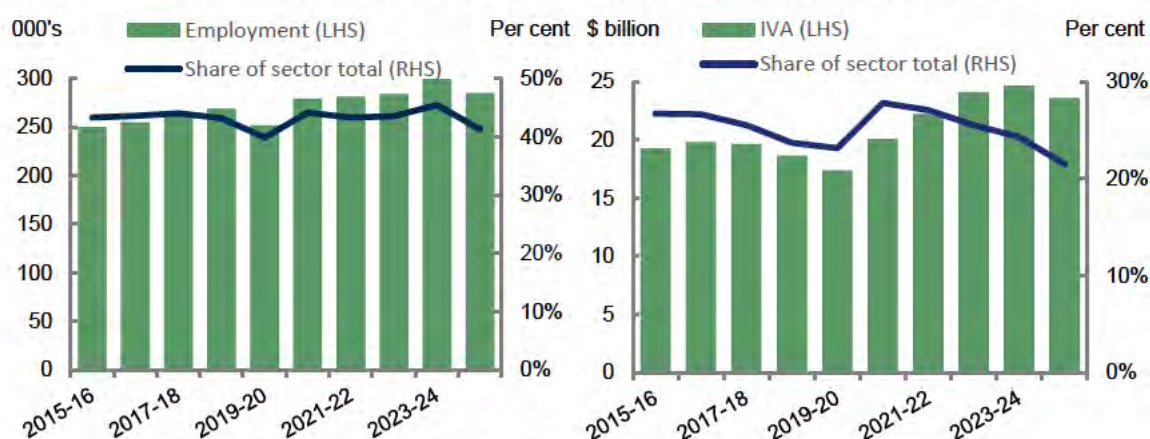
Chart 1: Net change in No. of businesses, Transport, postal and warehousing (2024-25)



Small business employment and Industry Value Added (IVA)

Small businesses in Transport, Postal and Warehousing employed 285,000 people (41.3% of the sector employment) and created \$23.6 billion or about one fifth (21.5%) of the total sector's industry value added (IVA). The proportion of small businesses' IVA in the total sector's IVA has decreased since 2020-21.

Chart 2: Small business employment and IVA contributions in Transport sector





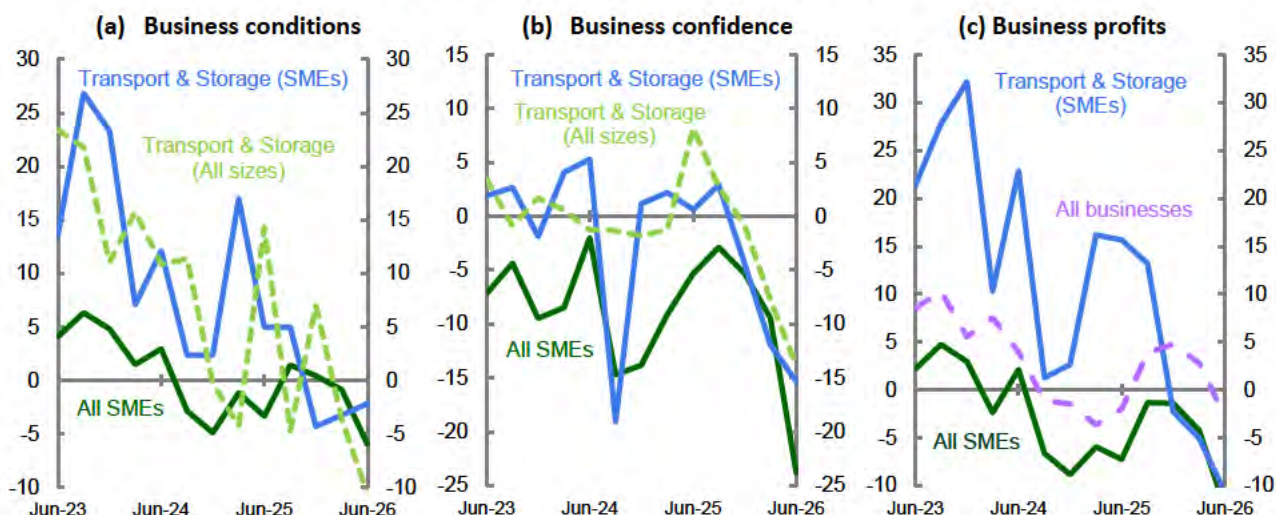
Confidence and Conditions

Prior to December 2025, business conditions were relatively strong for the Transport, Postal and Warehousing sector. SME profits in the sector had been stronger than profits for the broader economy. However, their conditions have deteriorated since then.

In the June 2026 quarter, SME conditions in the sector were -2 index points higher than the overall SME conditions (-6 index points), but remained below the sector's long run average of 7 index points.

Facing ongoing conflict in the Middle East and uncertainties about fuel supplies, SME confidence in Transport, Postal and Warehousing fell sharply to -15 index points in June 2026.

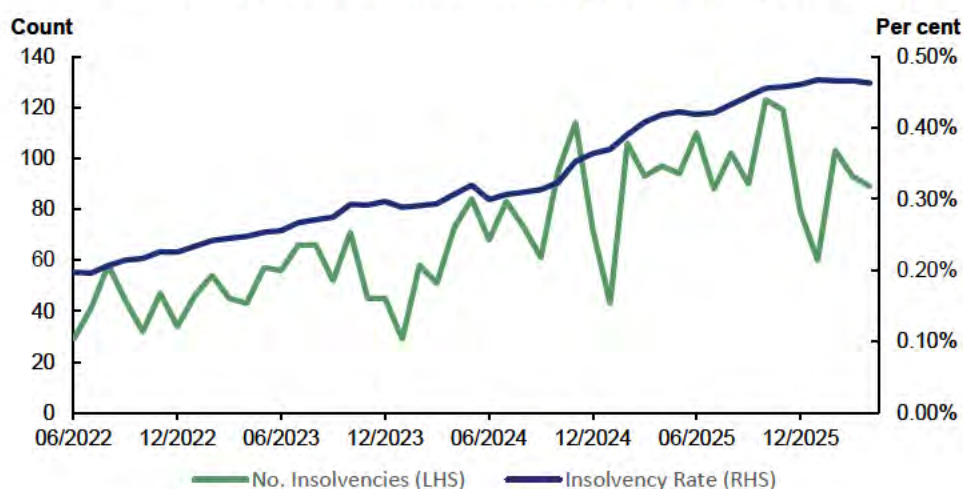
Chart 2: SMEs business conditions and confidence



Source: NAB SME Quarterly Business Survey March 2026

Insolvencies in the Transport industry, like in other sectors, have risen since the pandemic period as inflationary pressures began to mount and creditor leniency during COVID-19 begun to unwind. The insolvency rate for the sector has remained consistent at around 0.33% since December 2024.

Chart 3: Monthly insolvencies and insolvency rate in Transport industry



Source: Treasury analysis of ASIC, AFSA and ABS data

Note: The insolvency rate is calculated as the proportion of corporate insolvencies and business-related personal insolvencies to the number of active transport businesses. Industry level insolvency data is not available prior to 2020.

Insolvencies appointments are a late-stage indicator of financial distress reflecting the time lag between creditor actions and debtors' entry into insolvency.

Impacts of the fuel crisis - ABS Business Conditions and Sentiment Survey, June 2026

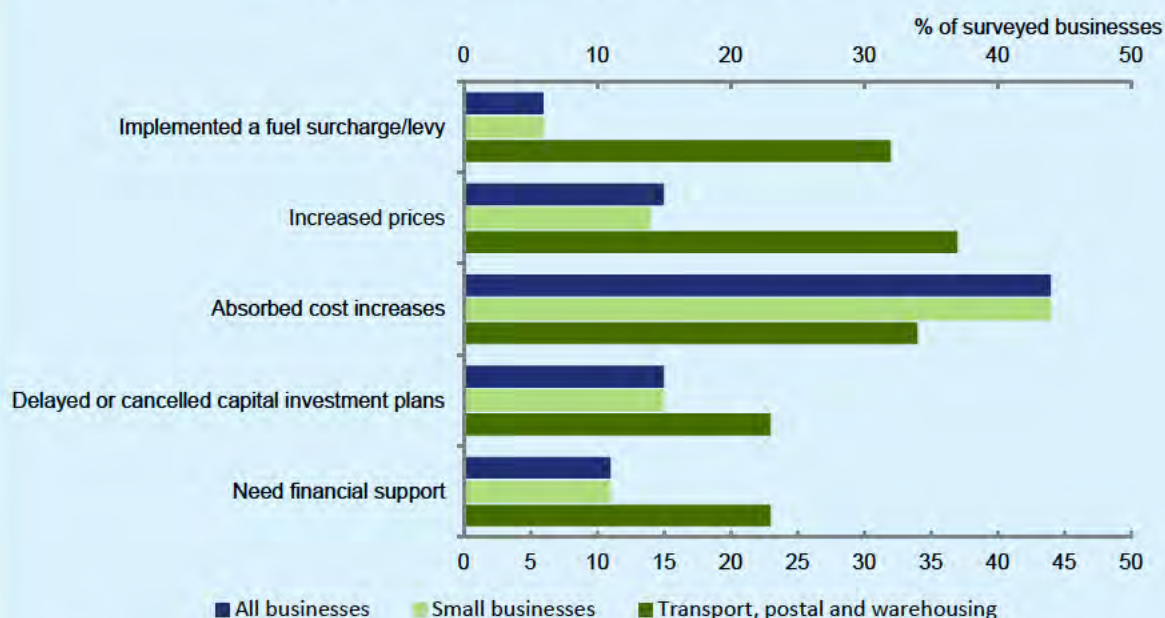
Following the conflict in the Middle East and subsequent fuel crisis, 49% of businesses in Transport, Postal and Warehousing reported increasing their operating expenses in June 2026. This was slightly higher than the proportion of all businesses (46%). Almost all (99%) businesses in the sector attributed the increased operating expenses to fuel prices, compared to 71% of all businesses.

48% of businesses in the sector reported large negative impacts of fuel prices or availability on their businesses compared to 22% of all businesses.

In response to fuel prices or fuel availability, 32% of businesses in Transport, Postal and Warehousing implemented a fuel surcharge or levy, 37% increased their prices, and 34% absorbed the cost increases; these compared to 6%, 15% and 44% for all businesses respectively.

This reflects the greater contribution of fuel costs to overall operating expenses in the transport industry relative to other sectors, and the extent to which some of the additional costs are passed on to their customers.

Chart 4: Business responses to fuel prices or fuel availability



Source: ABS Business Conditions and Sentiments Survey, June 2026

Small Business Data Placemat – July 2026

Small businesses at a glance

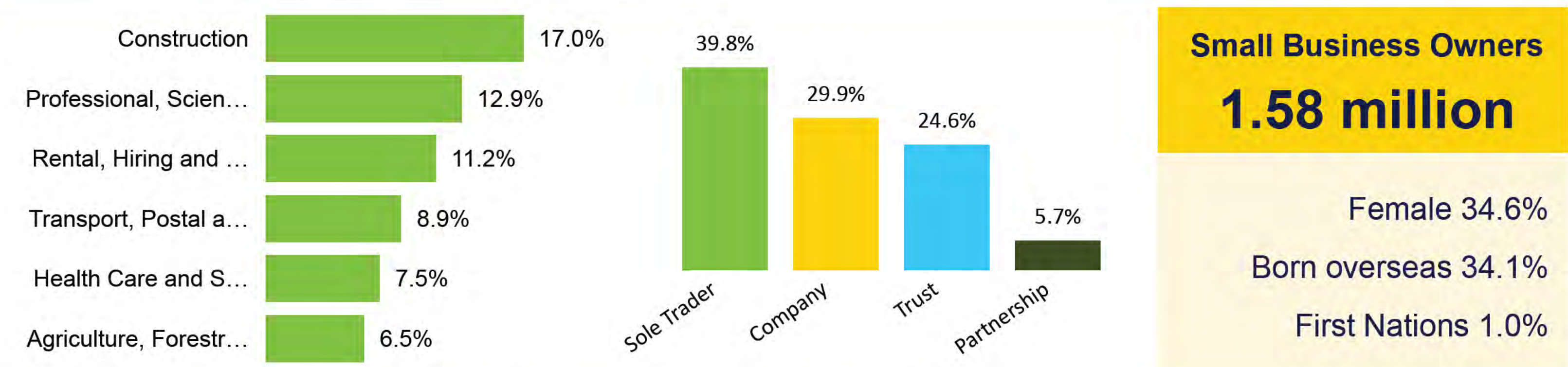
No. Small Businesses 2.66 million	Industry Value Added \$623 billion
Entries +435,892 Exits -368,199 Net change +66,874	Share of total 33%
Non-employing 1,735,470 (Micro) 1 - 4 employees 688,870 (Small) 5 - 19 employees 232,129	Employment 5.25 million Share of total 39%
	Turnover \$1,687 billion Share of total 39%

Sources:
ABS Australian Industry Statistics (2023-24)
ABS Counts of Australian Businesses, including Entries and Exits (2024-25)
ABS Census (2021)
ATO Australian Taxation Statistics (2022-23)

Small business policy & programs

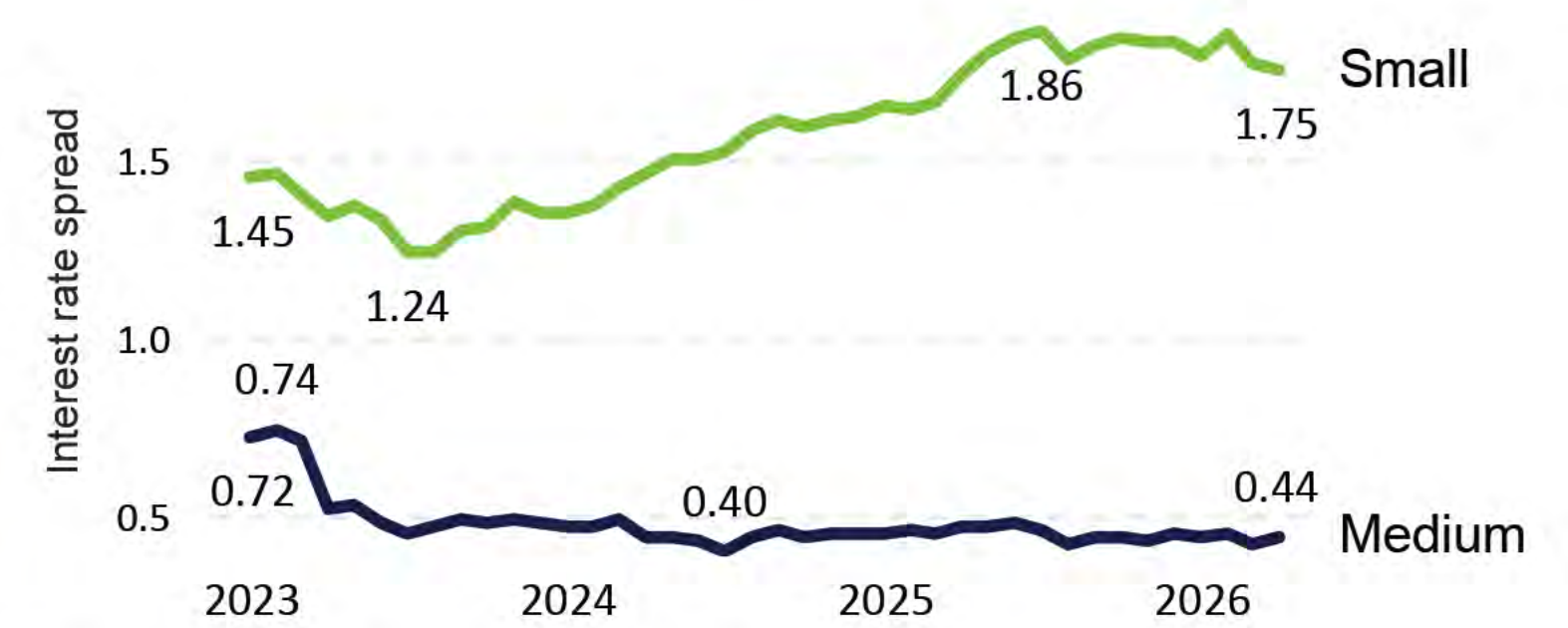
NewAccess for Small Business Owners		Small Business Debt Helpline	
8,871		22,773	
Total attended assessments		Total cases	
Last month +146		Last month +773	
As at 31/05/2026		As at 30/06/2026	
Digital Solutions 2		Cyber Wardens	Cyber Resilience
16,876		26,772	2,857
Small businesses engaged		Program graduates	Total engagements
Last 3 months		Last 3 months	
+1,196		+5,626	
As at 31/03/2026		As at 30/04/2026	
		Last 3 months	
		+572	
		As at 31/03/2026	

Characteristics of small businesses



1. SME interest rate spread falls over March Quarter 26

The interest rate spread is the difference in lending rates for small businesses compared to large businesses. Since December, the spread on loans under \$1.5m decreased by 10 basis points to 175 in April 2026. The spread for larger loans remained steady (-1 bp).



Source: RBA Table F / Business lending rates

2. Small business employee jobs remained flat

Small businesses provided 4.1 million employee jobs (26.7% of the total employee jobs) and paid \$23.2 billion in wages and salaries (21% of total wages & salaries) in March 2026.



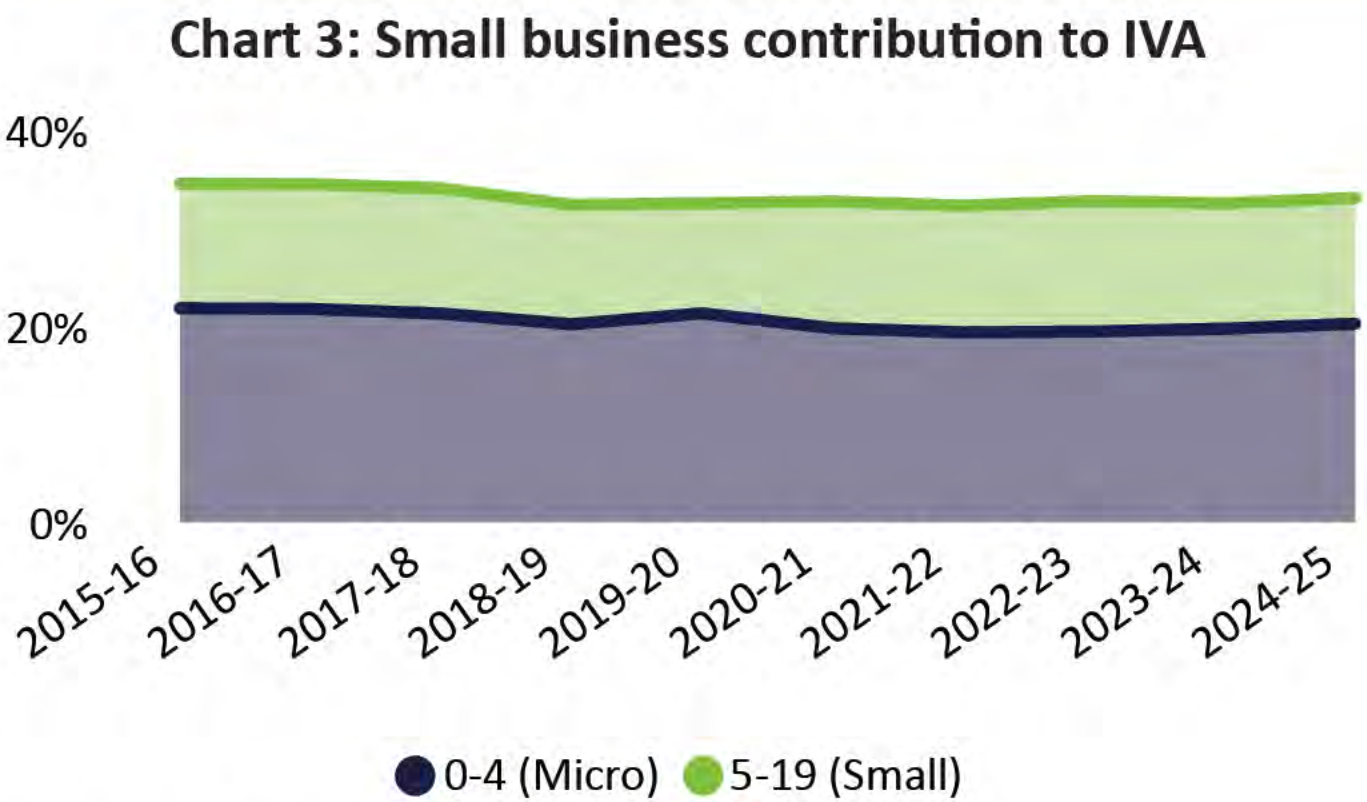
Source: ABS Monthly Employee earnings

3. Small business share of IVA and employment remained steady in 2024-25

Small businesses generated \$623 billion in Industry Value Added (IVA) in 2024-25, an increase of 4.4% (+\$26.3 billion) from 2023-24. This accounted for 33% of total private sector IVA (up from 32.5% in 2023-24).

Small business employment increased by 2.1% (+108,000) over the same period, accounting for 39% of private sector employment (broadly unchanged from 39.1% in 2023-24)

- Small business IVA growth was driven by Construction which grew by 13.8% (+\$12.4 billion). Together with Rental and Hiring, these industries contributed to around 80% of IVA growth for small businesses.
- Health and Social Assistance drove most of the employment growth with an addition of 52,000 jobs (+11.4%). The largest falls were in Transport (-14,000 jobs).



Source: ABS, Australian Industry Statistics 2024-25

Small Business Data Placemat – July 2026

OFFICIAL

Conditions and confidence, June Quarter 2026

- June Quarter 2026 indicators point to growing cashflow pressures for small businesses following the escalation of the conflict in the Middle East. Confidence and indicators of economic conditions largely fell in this quarter.
- This is a change in direction when compared to the December Quarter 2025 and early March quarter 2026 which showed signs of improvement in sales and profitability.
- Many small businesses appear to be directly absorbing some of the additional costs associated with fuel price and supply, however the longer-term effects of the disruption will need to be assessed in future quarters.

NAB SME Business Survey Quarter 2 2026

(-) SME conditions fell by 5 points in June quarter mainly driven by falls in profitability. The industries most strongly impacted were 'Hospitality' and 'Property'.

(-) SME confidence saw the sharpest fall since 2024. The decrease in business confidence was seen in all sectors.

(-) The gap between SME conditions and those for the national survey widened slightly over the quarter (-0.5)

SME Conditions (Qtr-on-Qtr)	SME Confidence (Qtr-on-Qtr)	Gap between SME & National Conditions
-5.1	-14.3	-8.3

ABS Business Conditions and Sentiments, June 2026

(-) 71% of small businesses cited fuel prices as driving increases in expenses, followed by 'business overheads' such as utilities and insurance (66%) and freight and delivery costs (56%).

(-) 44% of small businesses were absorbing higher costs for fuel, while 20% increased prices or introduced surcharges. 37% made no changes to their operations.

(-) 35% of small businesses expect expenses to increase in the next month, while 10% expect revenue to increase. 29% expect to struggle to meet their financial commitments in the next month.

(~) 74% of small businesses have indicated they do not currently require assistance but 36% intend to seek support in the next four weeks.

MYOB Bi-annual Business Monitor, May 2026

(-) Sentiment has significantly weakened with 67% of SMEs expecting economic conditions to deteriorate in the next year.

(-) Of businesses surveyed, 22% increased profitability, 41% remained the same while the 37% saw reduced profitability.

(-) Fuel costs reported as the most significant pressure point for businesses with 51% of SMEs showing concern compared to around 25% in 2025. Followed by cost of utilities (44%) and interest rates (37%)

CreditorWatch Business Risk Index, May 2026

(-) Trade payment defaults remain elevated and ATO tax defaults have reach high readings in recent months, surpassing 2025 levels. High fuel and energy prices are flowing directly into business costs, with transport, postal, warehousing showing a rising trend in their defaults over May 2026. Defaults in other industries remained stable.

(+) Total insolvencies are around 4% lower of FY 2025-26 compared to FY 2024-25 mainly driven by improvements in Accommodation and Food; Construction; and Other Services.

RBA Financial Stability Review March 2026

(+) SME operating profit margins slightly improved despite strong input cost growth in 2025 (this data predated the Middle East conflict and the associated increase in energy prices).

(+)Credit availability and small businesses’ access to credit have improved.

(-)Financial stress expected to remain higher for smaller businesses because some of them accumulated sizeable tax debts in recent years.

(-) Cashflow conditions would deteriorate over the next year as financial conditions tighten, inflation remains elevated, and cost pressures rise from the escalation of the Middle East conflict.

Xero Small Business Insights, Quarter 1 2026

(+) Small business sales grew 7.2% year-on-year in Q1 2026, close to the long-term average. Result for the month of March was notably higher than the long-term average.

(+) Job and wage growth improved slightly, and average payment time for small businesses remained steady in Q1 2026.

(-) This recovery momentum is at risk due to the fuel price shock caused by the Middle East conflict. High fuel prices impacted transport and logistics but have not yet worked through the economy. However, the rising transport costs are likely to flow through to prices across many industries in the coming months, further squeezing small business profit margins.

INSOLVENCIES

Corporate insolvencies (April 2026)	Business-related personal insolvencies (April 2026)
1,102	328
Insolvency rate: 0.38%	Share of new personal insolvencies: 26.6%
LT historical rate: 0.44%	
As at: 30/04/2026	As at 30/04/2026

Source: ASIC Corporate Insolvency Statistics, AFSA Personal Insolvency Statistics

The corporate insolvency rate is the proportion of insolvencies to the number of registered companies.

Insolvencies do not necessarily lead to business closures. For example, small businesses entering corporate insolvency increasingly use the small business restructuring process to remain in business.

SMALL BUSINESS DEFINITIONS

Agency	Definition
ABS	Employs less than 20 people
APRA	Annual revenue under \$75 million. Exposure to borrower is less than \$1.5 million
ASBFEO	Turnover under \$5 million or less than 100 employees
ASIC	Consolidated revenue is below \$25 million; gross assets are under \$12.5 million or less than 50 employees.
ATO	Aggregate turnover below \$10 million
Australian Information Commissioner	Annual turnover under \$3 million
Fair Work Commission	Employs less than 15 people
OECD	Employs less than 50 people

UPCOMING DATA RELEASES

Source	Next Release
ABS - Counts of Australian Businesses	Saturday, 1 August 2026
ABS - Lending Indicators	Wednesday, 12 August 2026
ABS - Monthly Employee Earnings	Wednesday, 19 August 2026