



Economics | August 24, 2021

Record lift in number of Aussie businesses

Business counts

- **What happened?** The Australian Bureau of Statistics (ABS) reported that there were just over 2.4 million actively trading businesses as at June 30, up a record 3.8 per cent over the year (data goes back 18 years). The number of small businesses (1-4 employees) lifted by 15.2 per cent over the year.
- **Implications:** The business counts data is a further illustration of the performance of the economy during the pandemic.

The business counts data is a timely read on how industries are faring in the pandemic.

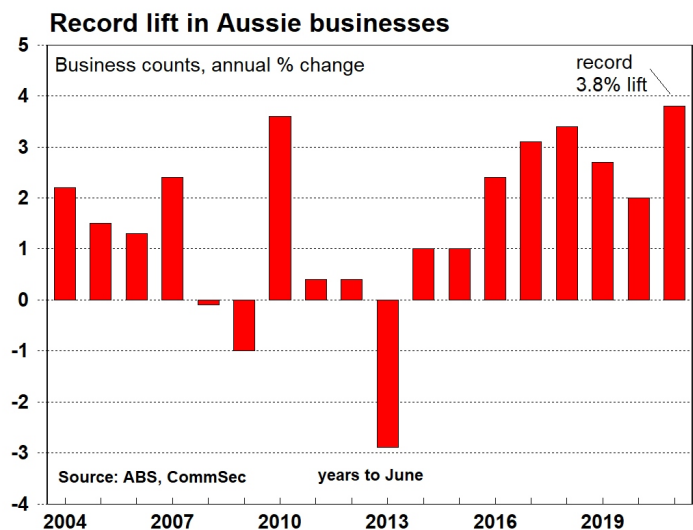
What does it mean?

- One of the best ways to gauge broader economic performance and track how industries are faring is to follow movements in the number of businesses in operation. Reflecting the pandemic lockdown, more Aussies have decided to follow their dreams and set up their own businesses. In the space of a year the number of small businesses (employ 1-4 people) rose by over 15 per cent with online businesses, delivery services and social assistance services showing the biggest increase in numbers. At a broader level big increases in business numbers were recorded in Health Care and Retailing, due to the Covid-19 health crisis and a strengthening of consumer demand on the back of stimulus
- The big challenge for new businesses will be the next two years. That is always the case, but particularly now in light of the super-low interest rates and the government assistance payments that have characterised the past year. And the survival of small businesses will be especially important for the broader job market and central bank policy. Almost 700,000 businesses employ between 1-4 people, and the numbers of these smaller businesses have been soaring.

What do you need to know?

The ABS reported:

- At June 30 2021 there were 2,402,254 actively trading businesses in the Australian economy. In the June quarter alone, business numbers rose by 1.4 per cent or just over 34,000.
- In 2020/21 there was a:
 - 3.8 per cent, or 87,806, increase in the number of businesses.
 - 15.8 per cent entry rate, with 365,480 entries.
 - 12.0 per cent exit rate, with 277,674 exits.
- In 2020/21 the three industries with the



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largest net increase in businesses were:

- Construction (an increase of 16,603 to 410,839 businesses)
- Professional, Scientific and Technical services (an increase of 14,432 to 316,462 businesses)
- Health Care and Social Assistance (an increase of 10,674 to 159,076 businesses)

• The three industries with the largest percentage growth in businesses in 2020/21 were:

- Other Services (+7.4 per cent, with an increase of 7,868 to 114,575 total)
- Health Care and Social Assistance (+7.2 per cent, with an increase of 10,674 to 159,076 total)
- Retail Trade (+6.3 per cent, with an increase of 8,593 to 145,079 total)

• The industry with the largest percentage decrease in businesses in 2020/21 was:

- Transport, Postal and Warehousing (-2.8 per cent, with a decrease of 5,589 to 194,459 total)

• Across the states and territories, changes in business numbers in 2020/21 were: NSW (up 4.0 per cent); Victoria (up 3.9 per cent); Queensland (up 3.8 per cent); South Australia (up 2.8 per cent); Western Australia (up 3.3 per cent); Tasmania (up 3.7 per cent); Northern Territory (up 2.8 per cent); ACT (up 5.8 per cent).

• Of businesses operating in June 2017, 64.9 per cent survived through to June 30, 2021. Survival rate rose in line with the size of the business (number of employees). Survival rate was highest in Agriculture (75 per cent) and Health Care (74.3 per cent) and lowest in Public Administration & Safety (54.1 per cent).

• In 2020/21 the number of employing businesses increased by 13.6 per cent, with a net movement of 58,209 surviving businesses from non-employing to employing. There was a:

- 15.2 per cent increase in businesses with 1-4 employees, increasing by 92,495 to 699,623 total.
- 7.6 per cent increase in businesses with 5-19 employees, increasing by 16,198 to 230,633 total.
- 2.2 per cent decrease in non-employing businesses, decreasing by 31,056 to 1,410,049 total.

• In the June quarter 2021, the three subdivisions with the largest net quarterly increase in businesses were:

- Professional, Scientific and Technical Services (Except Computer System Design and Related Services)

BUSINESS COUNTS

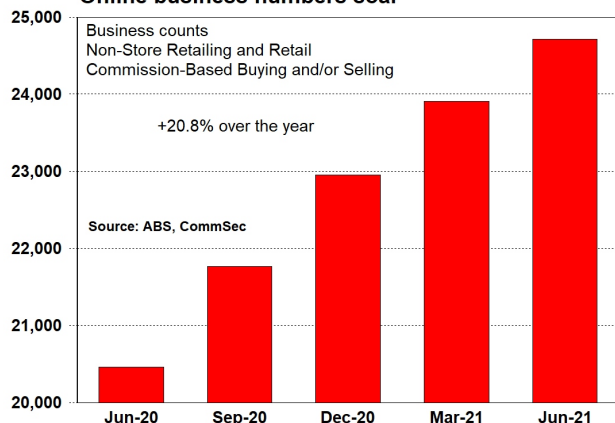
% change year to June 2021

| <i>biggest gainers</i> | |
|--|------|
| Non-Store Retailing | 20.8 |
| Social Assistance Services | 19.0 |
| Postal and Courier Pick-up and Delivery Services | 15.7 |
| Other Transport | 15.6 |
| Telecommunications Services | 14.6 |
| Insurance and Superannuation Funds | 14.3 |
| Personal and Other Services | 12.2 |
| Heritage Activities | 9.4 |
| Food and Beverage Services | 9.1 |
| Sports and Recreation Activities | 8.6 |

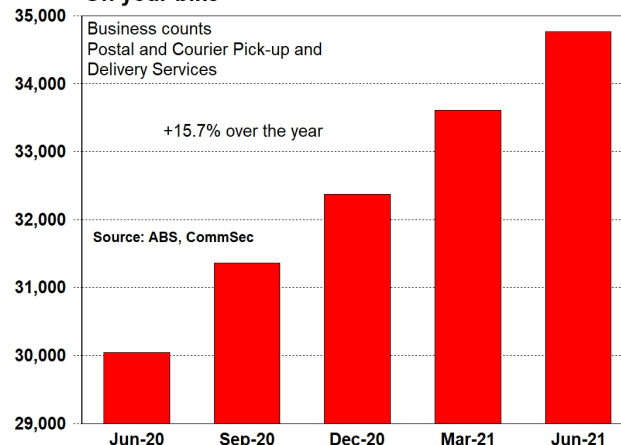
| <i>biggest falls</i> | |
|---|-------|
| Transport Support Services | -10.8 |
| Gas Supply | -6.2 |
| Oil and Gas Extraction | -6.0 |
| Public Order, Safety and Regulatory Services | -5.6 |
| Road Transport | -4.5 |
| Forestry and Logging | -4.5 |
| Textile, Leather, Clothing and Footwear Manufacturing | -3.9 |
| Printing (including the Reproduction of Recorded Media) | -3.2 |
| Coal Mining | -3.0 |
| Primary Metal and Metal Product Manufacturing | -2.1 |

Source: ABS, CommSec

Online business numbers soar



On your bike



- Construction Services
- Property Operators and Real Estate Services
- **For all quarters in 2020/21**, industry sub-divisions with consistently high percentage growth included:
 - Non-Store Retailing and Retail Commission-Based Buying and/or Selling
 - Social Assistance Services
 - Postal and Courier Pick-up and Delivery Services

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What is the importance of the economic data?

- The ABS notes: “The data used to produce these counts are extracted from the Australian Bureau of Statistics Business Register (ABSBR). The ABSBR is populated using administrative data from ABN registrations recorded in the Australian Business Register (ABR), and business data from the Australian Tax Office (ATO). Data on the structures of large and complex businesses are also collected by ABS.”
 - The figures highlight the sectors that are either growing or in decline. The ‘top level’ data are a gauge on economic performance.
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