

**Senate Economics Legislation Committee**  
ANSWERS TO QUESTIONS ON NOTICE  
Industry, Tourism and Resources Portfolio  
Budget Estimates 2006-2007, 29 May 2006

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES  
**TOPIC:** SMALL BUSINESS STATISTICS  
**REFERENCE:** WRITTEN QUESTIONS

**QUESTION No.BI-62**

**Senators Campbell and Sherry** asked:

How do Government departments define small business and how was that determined?

**ANSWER**

The ABS publication *Small Business in Australia 2001* defines small business as ‘management units with less than 20 employees in all industries except agriculture where they have an Estimated Value of Agricultural Operations of between \$22,500 and \$400,000’.

The ABS definition of small business is used by a number of departments, including in the Department of Finance and Administration’s *Government Procurement Policy*. The definition assists agencies to identify which accounts are sourced from small businesses for the purposes of its payment policy.

Other definitions of small business are also used for specific policy and administration purposes. For example, the Australian Taxation Office (ATO) uses annual turnover to define businesses for the purposes of administering its Compliance Program. It defines micro-businesses as businesses with an annual turnover of less than \$2 million. Taxation legislation, administered by the ATO, provides a range of thresholds as small and medium business identifiers. Small businesses with an average annual turnover threshold of \$1 million are eligible for the Simplified Tax System. This threshold is to increase to \$2 million following 2006-07 Budget changes.

**QUESTION No.BI-63**

**Senators Campbell and Sherry** asked:

Under the Government definition, how many people work in small business, both owners and employees? Give numbers for both categories.

**ANSWER**

The major ABS information source for counts of business owners and employees is the monthly Labour Force Survey, but this survey does not provide a breakdown by size of business. An alternative source is available for 2001, which provides the figures set out in the following table.

<b>Type of business</b>	<b>No. employees</b>
Small business owners of employing businesses	276,500
Small business owners of non-employing businesses	713,200
Small business employees	2,269,400

Source: ABS Cat. No. 1321.0, Small Business in Australia, 2001.

**QUESTION No.BI-64**

**Senators Campbell and Sherry** asked:

How many small businesses are operating in Australia? How many of these are single operated? How many are family operated?

**ANSWER**

As at June 2004, there were 2,932,744 small businesses in Australia. Of these, 2,178,240 were non-employing businesses and 1,159,533 were sole proprietorships. (Source: ABS Cat. No. 8161.0.55.001, Australian Bureau of Statistics Business Register, Counts of Businesses, June 2004.) It should be noted that the non-employing category comprises entities that do not have an income tax withholding role. This population includes non-employing superannuation units and other trusts.

The ABS does not currently have a count of family businesses available. However, information relating to the characteristics of family businesses is expected to be released later in the year (see Cat. No. 8127.0, 2005).

**QUESTION No.BI-65**

**Senators Campbell and Sherry** asked:

Under the Government definition of small business, what is the average annual turn-over of a small business?

**ANSWER**

Turnover is generally considered to be gross takings or total revenue from sales. Therefore, an appropriate indicator of turnover could be sales and service income. The average annual total sales and service income of a small business was estimated to be \$294,000 in 2002-03. (Source: ABS Cat. No. 8155.0, Australian Industry, 2001-02 and 2002-03)

**QUESTION No.BI-66**

**Senators Campbell and Sherry** asked:

Can you provide a break-down of where small businesses operate?

**ANSWER**

A breakdown of counts of small businesses by postcode for June 2004 is available from ABS Cat. No. 8161.0.55.003, Australian Bureau of Statistics Business Register, Counts of Businesses, June 2004.

**QUESTION No.BI-67**

**Senators Campbell and Sherry** asked:

Can you provide a breakdown of the industries operated by small business?

**ANSWER**

The following table provides a breakdown of numbers of small businesses by industry (ANZSIC class) for June 2004.

<b>Industry</b>	<b>Non-Employing Businesses</b>	<b>Businesses Employing 0-19 Staff</b>
Agriculture, Forestry and Fishing	183,150	68,084
Mining	6,390	2,245
Manufacturing	91,847	50,928
Electricity, Gas and Water Supply	2,022	477
Construction	348,814	107,691
Wholesale Trade	56,842	40,581
Retail Trade	147,319	112,455
Accommodation, Cafes and Restaurants	28,680	29,681
Transport and Storage	114,558	34,078
Communication Services	28,416	7,689
Finance and Insurance	366,677	49,624
Property and Business Services	549,650	156,933
Education	26,511	5,979
Health and Community Services	70,998	44,656
Cultural and Recreational Services	72,370	14,808
Personal and Other Services	83,996	28,595
All Industries	2,178,240	754,504

Source: Small Businesses, Australia Wide by Industry, ABS Cat No. 8161.0.55.001, June 2004

**QUESTION No.BI-68**

**Senators Campbell and Sherry** asked:

How many small businesses are based in metropolitan areas, regional areas, rural areas and remote areas?

**ANSWER**

A breakdown of counts of small businesses is not available from the ABS based on these classifications. However, as noted in response to question BI-66, counts by postcode are available.

**QUESTION No.BI-69**

**Senators Campbell and Sherry** asked:

How many small businesses are agricultural?

**ANSWER**

At June 2004 there were 251,234 agricultural businesses. (Source: ABS Cat. No. 8161.0.55.001, Australian Bureau of Statistics Business Register, Counts of Businesses, June 2004.)

**QUESTION No.BI-70**

**Senator Sherry** asked:

How many Australians are employed by a small business?

**ANSWER**

In 2001, total employment in the Australian small business sector was 3,259,100. Of this, 2,269,400 were employees of small business in Australia. (Source: ABS Cat. No. 1321.0, Small Business in Australia, 2001.)