

ABS BUSINESS COUNTS DATA (Released in February 2017)

Each year the ABS produces information on numbers of businesses actively trading in goods and services. This is based on a mixture of Australian Tax Office (ATO) information related to Australian Business Numbers (ABNs) and direct ABS surveying of some businesses.

Although it is important to understand the limitations of the methodology (as outlined below) the information can be useful for such things as providing insight into the industry distribution of businesses in a region, differences between industries in the incidence of small and medium sized businesses, the extent to which businesses move between employment size categories over time and survival rates of businesses.

Some points to note about the data are:

- Entities **not** covered include public hospitals, public universities, charitable organisations, business organisations, unions and police, fire and emergency services.
- A large entity may be split into several ‘businesses’ either because of its having several active ABNs or because it is one of the businesses surveyed by the ABS and different ‘type of activity units’ have been identified within it.
- All the employment of a business identified purely through an ABN is ascribed to the region of the main location. Therefore state and regional information is only approximate.
- All the employment of a business is allocated to the industry in which it produces the greatest amount of value added (which is the difference between the value of output and the value of materials and certain services which are used up in the production process).
- Businesses with turnover of less than \$75,000 per annum are not required to have an ABN and will only be included if they have opted to do so (and are actively trading).
- The ABS charter requires it to ensure that information on individual companies can’t be deduced from tables and so the ABS adjusts some counts to preserve confidentiality. (Row totals are true counts but the other figures within a row are often slightly adjusted and so do not sum to the row total.)

A possible example of the impact of the definitions at a regional level is that no manufacturing company employing 200 or more employees is shown for the Illawarra South Coast region despite at least BlueScope being in this category. This may be because of the ABS adjusting data to preserve confidentiality. However, it would also be the case with BlueScope if its multiple ABNs cover entities with straight-forward structures, with ATO information being used rather than surveying the company. All the ABNs relating to the BlueScope’s Port Kembla operations have the company’s headquarters in Melbourne as their address.

For full information on the information see:

www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8165.0Explanatory%20Notes1Jun%202012%20to%20Jun%202016?OpenDocument

Survival Rates Of NSW Businesses Operating in 2012 (including ones with no employees)

	Operating in June 2012	Survived to June 2013	Survived to June 2014	Survived to June 2015	Survived to June 2016	Surviving Business, June 2016
Non-employing	421,008	82.4%	71.2%	62.9%	56.4%	237,494
Employing						
1-19	272,894	90.4%	82.0%	75.4%	69.6%	189,833
20-199	15,552	96.0%	91.2%	86.8%	82.2%	12,789
200+	1,322	95.8%	90.2%	86.3%	83.1%	1,099
Total employing	289,768	90.7%	82.6%	76.1%	70.3%	203,721
Total	710,776	85.8%	75.9%	68.3%	62.1%	441,215

Around 62 per cent of **all** NSW businesses identified in June 2012 were still operating in June 2016, with survival rates being lowest for non-employing businesses (56 per cent) and largest for businesses with 200 or more employees (83 per cent).

Source: ABS 8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016, table 5.

Survival Rates Of NSW Businesses Entering The Data Collection In 2012-13

Entries in 2012-13	Survived to June 2014	Survival rate	Survived to June 2015	Survival rate	Survived to June 2016	Survival rate
79,024	62,078	0.8	50,035	0.6	42,758	0.5

Around 54 per cent of NSW businesses that commenced in the ABS business count series in 2012-13 were still in it in June 2016. Source: Ibid, table 6.

National Data On Exits, Survivals and Employment Category Changes Between June 2015 and June 2016

Employment Size	Whether Survived			Whether Survivors Changed Employment Category				
	June 2015 No.	Exited by June 2016	Survived to June 2016	Changed to Zero	Changed to 1-4	Changed to 5-19	Changed to 20-199	Changed to 200+
Non-employing	1,284,615	15%	85%	na	4%	0%	0%	0%
Employing								
1-4	584,744	9%	91%	10%	na	6%	0%	0%
5-19	197,164	6%	94%	3%	11%	na	4%	0%
20-199	50,995	4%	96%	3%	1%	11%	na	1%
200+	3,717	4%	96%	1%	1%	0%	6%	na
Total Employing	832,903	8%	92%	8%	3%	5%	1%	0%
Total	2,121,235	12%	88%	3%	4%	2%	0%	0%

The corresponding figures for the three previous years were very similar. The survival rate of non-employing businesses was considerably less than that of other businesses. However, 4% of the surviving businesses in 2015-16 grew to have employment of 1-4 by June 2016, and 8 businesses grew to have employment of at least 200.

For every employment size category from 1-4 to 20-199 more businesses that operated in both June 2015 and June 2016 had moved to a smaller employment size category (including no employment) by June 2016 than moved to a larger category. However, the number of businesses in each category increased due to the entry of businesses that were not part of the collection in June 2015.

For June 2015 to June 2016 the rises were 2.5% for the 1-4 category, 0.8% for the 5-19 category and 0.1% for the 20-199 category. For the 200+ category the rise 2.6% as was also the case for the number of non-employing businesses. However, in both 2012-13 and 2014-15 there were falls in the numbers of businesses for one or more categories of employment. The total number of employing businesses fell by 2.4% in 2012-13 and the number of non-employing businesses by 3.2%.

Source: Ibid, tables 13 and 14

National Entries and Exits By Type Of Organisation 2015-16

	Operating at start of financial year	Entries	Exits	Operating at end of financial year	Change	Percentage change	Entry rate	Exit rate
Private Sector								
Total Companies	770,558	122,460	88,832	804,186	33,628	4.4%	15.9%	11.5%
Sole Proprietors	549,839	102,195	91,001	561,033	11,194	2%	18.6%	16.6%
Total Partnerships	287,320	22,008	33,025	276,303	-11,017	-3.8%	7.7%	11.5%
Trusts	513,019	63,734	47,147	529,606	16,587	3.2%	12.4%	9.2%
Public Sector	499	38	121	416	-83	-16.6%	7.6%	24.2%
TOTAL	2,121,235	310,435	260,126	2,171,544	50,309	2.4%	14.6%	12.3%

The June 2015 composition of the private sector businesses covered was 36 per cent companies, 26 per cent sole proprietors, 14 per cent partnerships and 24 per cent trusts. There is considerable entry and exiting for all types of businesses covered in the ABS data. Source: ABS 8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016, table 10.

NSW Businesses With 1-19 Employees That Had The Highest Exit Rates In 2015-16*

Industry	Operating at start of 2015-16	Entries	Exits	Balancing Item #	Operating at end of 2015-16	Entry Rate %	Exit Rate %
4511: Cafes and Restaurants	9,735	2,321	1,670	-170	10,216	23.8%	17.2%
4512: Takeaway Food Services	5,252	997	840	-101	5,308	19.0%	16.0%
4110: Supermarket and Grocery Stores	1,701	275	245	-25	1,706	16.2%	14.4%
7212: Labour Supply Services	1,077	295	149	-90	1,133	27.4%	13.8%
3800: Commission-Based Wholesaling	1,153	395	157	-30	1,361	34.3%	13.6%
7311: Building and Other Industrial Cleaning Services	3,678	664	494	-76	3,772	18.1%	13.4%
1174: Bakery Product Manufacturing (Non-factory based)	1,044	157	140	-27	1,034	15.0%	13.4%
7712: Investigation and Security Services	1,173	190	154	-20	1,189	16.2%	13.1%
4129: Other Specialised Food Retailing	1,173	245	145	-25	1,248	20.9%	12.4%
9511: Hairdressing and Beauty Services	4,985	841	612	-9	5,205	16.9%	12.3%
4520: Pubs, Taverns and Bars	1,066	219	130	-67	1,088	20.5%	12.2%
5102: Courier Pick-up and Delivery Services	2,105	331	253	-25	2,158	15.7%	12.0%
3241: Plastering and Ceiling Services	1,623	292	193	-41	1,681	18.0%	11.9%
7299: Other Administrative Services n.e.c.	1,284	195	150	-36	1,293	15.2%	11.7%
4000: Fuel Retailing	1,091	162	127	-25	1,101	14.8%	11.6%

NSW Businesses With 1-19 Employees That Had The Highest Entry Rates In 2015-16*

Industry	Operating at start of 2015-16	Entries	Exits	Balancing Item #	Operating at end of 2015-16	Entry Rate %	Exit Rate %
3800: Commission-Based Wholesaling	1,153	395	157	-30	1,361	34.3%	13.6%
7212: Labour Supply Services	1,077	295	149	-90	1,133	27.4%	13.8%
3019: Other Residential Building Construction	1,616	433	173	-30	1,846	26.8%	10.7%
4511: Cafes and Restaurants	9,735	2,321	1,670	-170	10,216	23.8%	17.2%
9539: Other Personal Services n.e.c.	1,048	236	111	-29	1,144	22.5%	10.6%
4310: Non-Store Retailing	1,272	276	139	-22	1,387	21.7%	10.9%
4129: Other Specialised Food Retailing	1,173	245	145	-25	1,248	20.9%	12.4%
4520: Pubs, Taverns and Bars	1,066	219	130	-67	1,088	20.5%	12.2%
7211: Employment Placement and Recruitment Services	1,407	275	143	-31	1,508	19.5%	10.2%
3222: Bricklaying Services	1,085	210	117	17	1,195	19.4%	10.8%
8219: Adult, Community and Other Education n.e.c.	1,096	211	119	-19	1,169	19.3%	10.9%
4512: Takeaway Food Services	5,252	997	840	-101	5,308	19.0%	16.0%
6962: Management Advice and Related Consulting Services	9,236	1,722	755	-243	9,960	18.6%	8.2%
3221: Concreting Services	1,819	334	155	-6	1,992	18.4%	8.5%

The balancing item is needed because of ABS adjustments to some figures to ensure no breach of confidentiality.

* Shaded rows indicate industries that were among both those with the highest exit rates and those with the highest entry rates.

The numeric codes shown in the tables are those for Australia and New Zealand Standard Industrial Classification (ANZSIC) classes. At the broad (one digit) ANZSIC Division level the Accommodation and Food Services industry had both the highest entry rate (18.1%) and the highest exit rate (13.9%). Source Ibid (Main State by Industry Class By Employment Size Ranges)