

SMALL BUSINESS 1999-2000

Introduction

This report is based on the Australian Bureau of Statistics (ABS) publication *Small Business in Australia (Catalogue No. 1321.0.40.001)*. This provides an update of the key information from a range of ABS sources about the nature and performance of small business in Australia. The ABS use the following definitions of business categories:

- non-employing businesses – sole proprietorships and partnerships without employees;
- micro businesses – businesses employing less than 5 people, including non-employing businesses;
- other small businesses – businesses employing 5 or more people, but less than 20 people;
- small businesses – the overall category for businesses employing less than 20 people;
- medium businesses – businesses employing 20 or more people, but less than 200 people; and
- large businesses – businesses employing 200 or more people.

In 1999-2000 there were 1,114,600 businesses in Australia employing 6,734,800 persons. This was an increase of 75,300 persons or 1.1 per cent over the number the previous year. Private sector businesses employed an estimated 5,758,200 persons or 85.5 per cent of the total workforce (excluding the self employed or employers).

Employment in small business nationally had increased by 61,400 (2.0%) to 3,181,000 during 1999-2000 with employment in small businesses as a proportion of all businesses having increased from 46.8 per cent to 47.2 per cent. In 1999-2000 small businesses comprised 38.2 per cent of total private sector employment in Australia (excluding the self employed or employers).

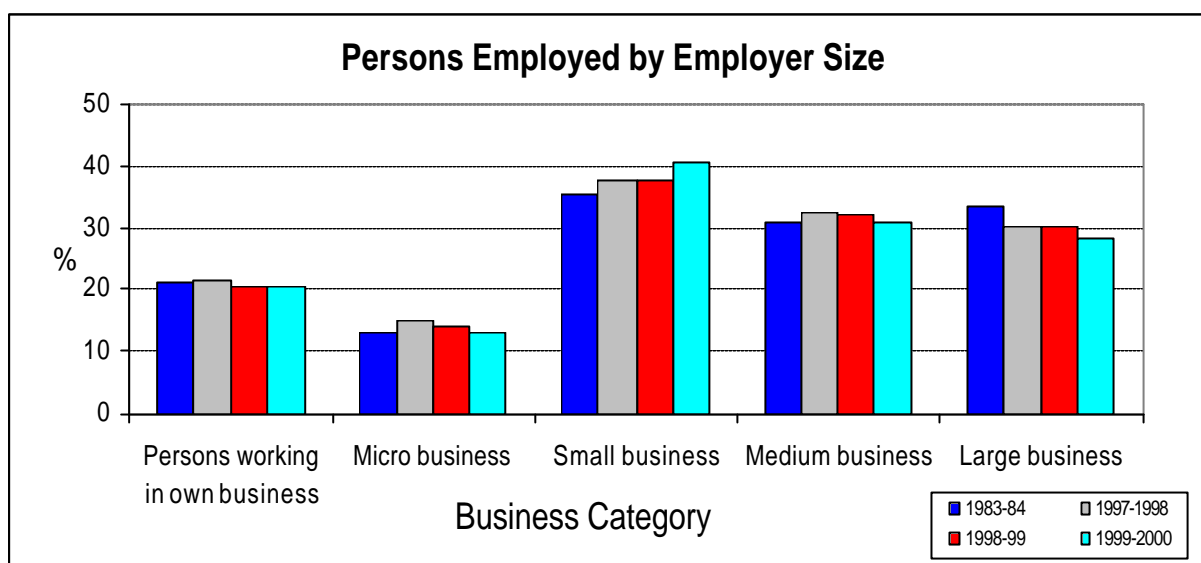
WESTERN AUSTRALIAN SMALL BUSINESS 1999-2000

In 1999-2000 there were 116,300 small businesses (ie employing less than 20 people) in Western Australia. This represented 96.7 per cent of all private sector businesses in WA. The proportion that small business comprises of total businesses has been fairly constant over the last 17 years. In 1983-84 there were 56,900 small businesses while in 1997-98 there were 113,400 small businesses in WA. This represented 96.4 and 97.1 per cent of all business at the respective times.

Although small businesses make up the vast majority of the total number of businesses, in 1999-2000 they comprised only 40.8 per cent of total private sector employment in WA (excluding the self employed or employers). Small business employment comprises persons working in their own business in addition to the employees of companies employing less than 20 people.

As illustrated by Figure 1, the distribution of employment by businesses sizes in WA has fluctuated over the last 17 years. Of note is the increase in the proportion of small business over the last three years, primarily at the expense of large business (ie those employed in companies with 200 or more people), and to a lesser extent micro businesses.

Figure 1: Persons Employed by Employer Size, WA



Source: Australian Bureau of Statistics (ABS), *Small Business in Australia Update 1999-2000 Catalogue No. 1321.0*

Small business accounted for nearly half (47.1%) of the increase in total employment over the last 17 years and over eighty two per cent (82.1%) of the growth since 1997-98. It is of note that between 1998-99 and 1999-2000 employment actually fell in medium and large businesses, and in the sub-set of micro businesses.

Table 1: Persons Employed by Employer Size, WA

	1983-1984	1997-1998	1998-1999	1999-2000	Percentage change	
	'000s	'000s	'000s	'000s	17 years	3 years
Persons working in own business	67.5	116.9	117.0	119.4	76.9%	2.1%
Micro business*	41.5	79.7	81.3	75.5	81.9%	-5.3%
Small business*	113.1	202.4	215.8	237.2	109.7%	17.2%
Medium business	98.5	174.9	183.6	179.4	82.1%	2.6%
Large business	107.0	162.3	173.0	165.2	54.4%	1.8%
All employees	318.6	539.5	572.4	581.8	82.6%	7.8%

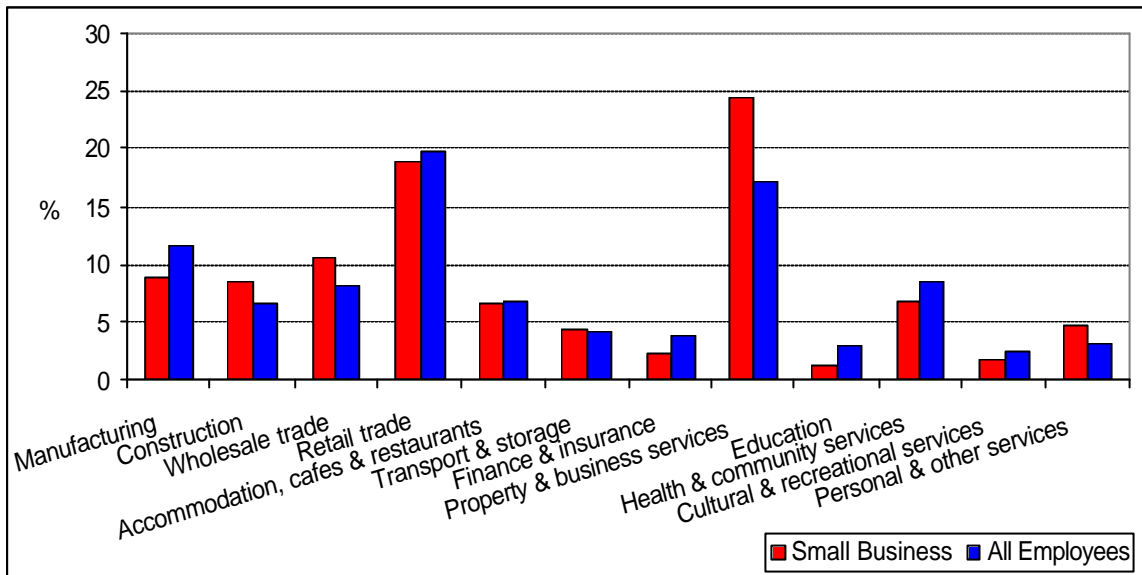
Source: Australian Bureau of Statistics (ABS), *Small Business in Australia Update 1999-2000 Catalogue No. 1321.0*

*Micro businesses are a sub-set of small businesses

Industry

As evident from Figure 2 the composition of non-agricultural and mining employment by industry differs for small business from that of all employees. Although Retail trade is the largest employer of people in all businesses, Property and business services is now the largest employer of people in the small business sector. Prior to 1999-2000, the Retail trade was also the largest employer in small business, however, over the last survey year the number of small business employees in Retail trade fell by 9.9 per cent while the number in Property and business services rose by 40.9 per cent.

Figure 2: Employment by Industry, WA



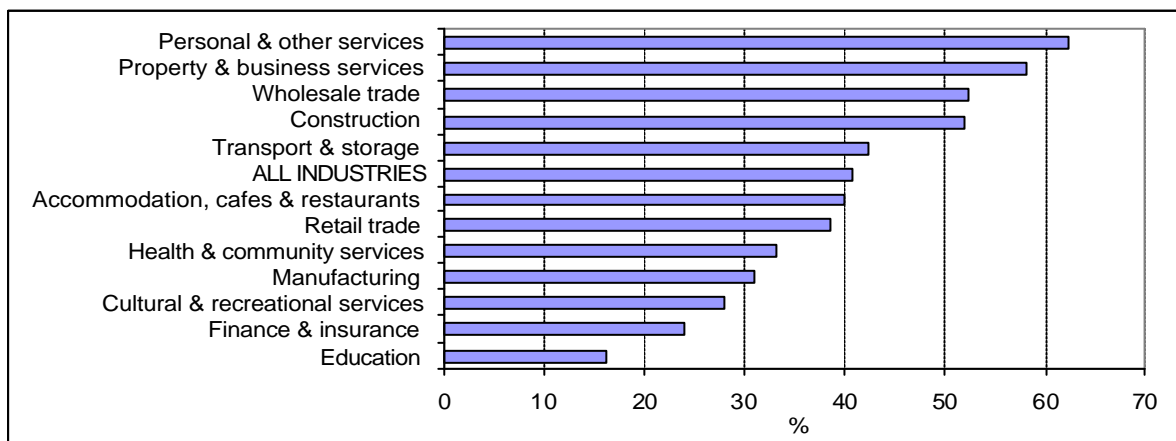
Source: Australian Bureau of Statistics (ABS), *Small Business in Australia Update 1999-2000 Catalogue No. 1321.0*

NB. Although a number of the results used to generate the totals in this graph are subject to high sampling variability (in some instances with a relative standard error of greater than 50%), the totals have a standard error of less than 25%.

While the total includes Mining, Electricity, gas and water supply and Communication services industries, it excludes private sector agricultural businesses.

Although it is a relatively small employer overall, the greatest concentration of small business is in the Personal and other services industry where over 60 per cent (62.5%) of all employees are either self-employed or employed in a small business of less than 20 persons. Property and business services, Wholesale trade and Construction also have a significant concentration of small business employees. The industries with the lowest concentrations of small business employees are Education and Finance and insurance.

Figure 3: Proportion of Persons Employed in Small Business, WA



Source: Australian Bureau of Statistics (ABS), *Small Business in Australia Update 1999-2000 Catalogue No. 1321.0*

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