

Contribution to Australian Employment

Australian Small Business and Family Enterprise
Ombudsman

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The value that small business contributes to employment numbers in Australia is one indication of their contribution to the Australian economy. This can be measured by comparing the number of employees working in small business with employees in other business sizes and similar break downs within industries.

1. Contribution to Australian employment

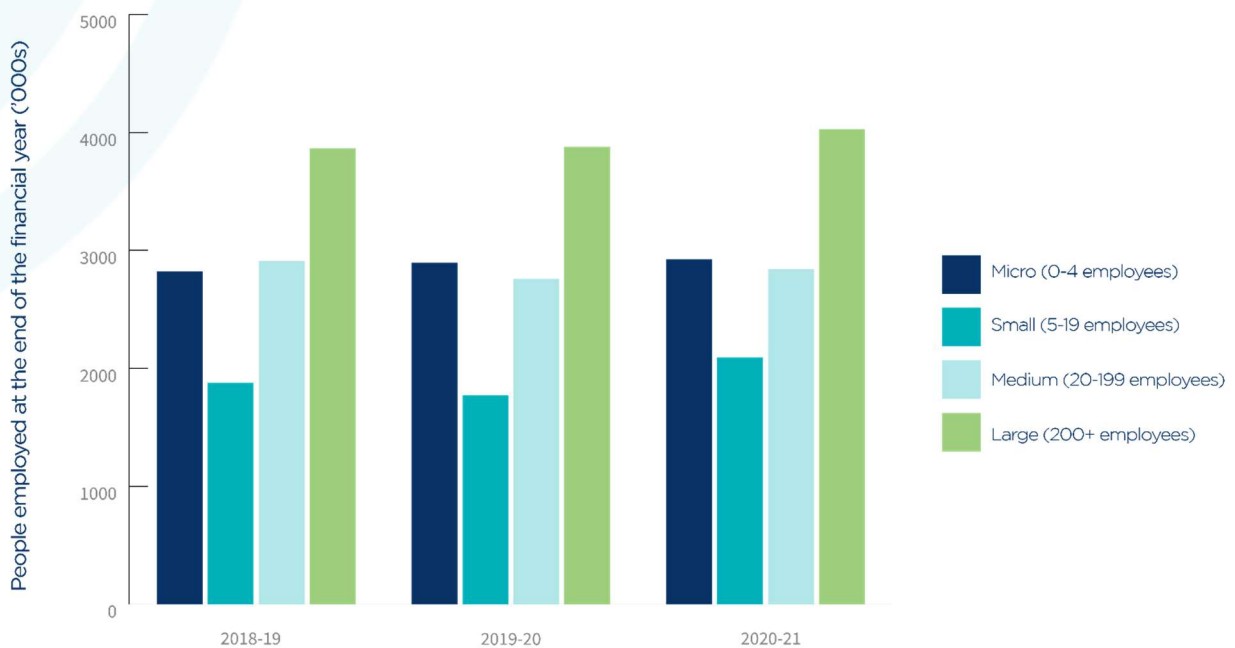
Table 1: Employment by business size

Size	2018-19		2019-20		2020-21	
	('000)	%	('000)	%	('000)	%
Small Business (0-19 Employees)	4,698	41	4,664	41	5,019	42
Medium Business (20-199 Employees)	2,911	25	2,758	24	2,840	24
Large Business (200+ Employees)	3,864	34	3,881	34	4,026	34
Total	11,472	100	11,303	100	11,884	100

Source: ABS Australian Industry, Table 5, May 2022 and ASBFEO calculations, private sector industry. The ABS publish this data for selected industries, which excludes financial and insurance services.

Small businesses (as defined by the ABS as those employing 0-19 employees) employed over 5 million people, which is 42% of the private sector workforce¹ in 2020-21 as shown in Table 1.

Chart 1: Employment by business size

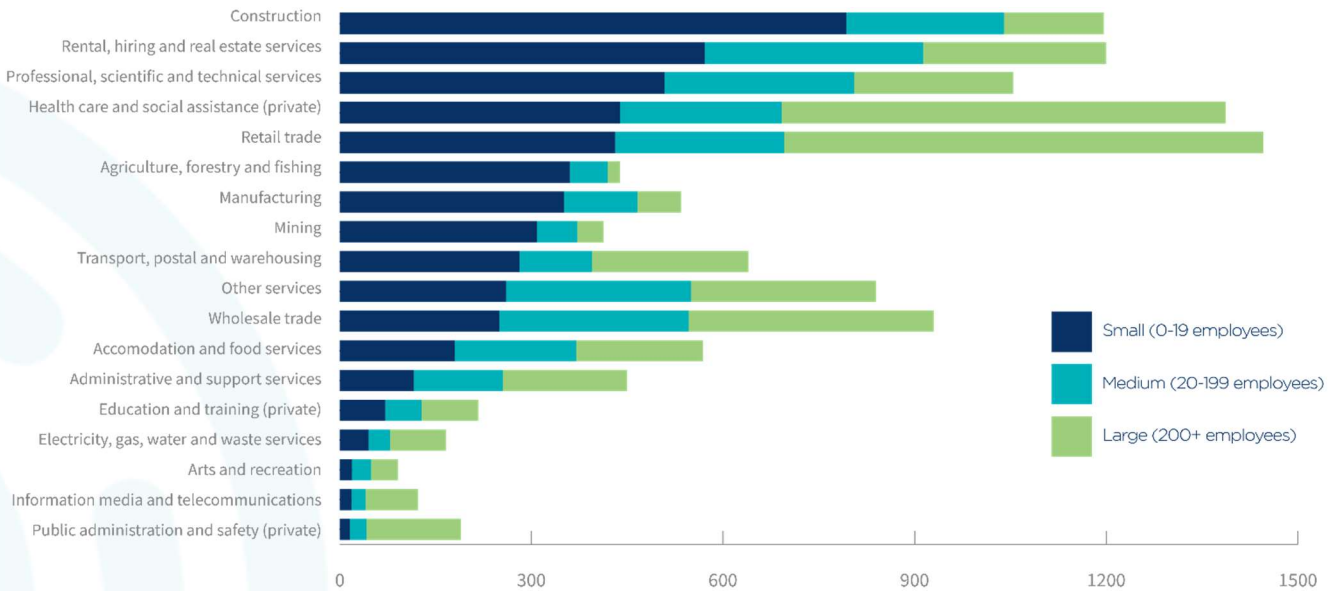


¹ Excluding financial and insurance services industry.

Source: ABS *Australian Industry*, Table 5, May 2022 and ASBFEO calculations, private sector industry. The ABS publish this data for selected industries, which excludes financial and insurance services.

Chart 1 shows how the pattern of employment has changed very little over the past three years.

Chart 2: Total employment by industry ranked by number of people employed by small business, 30 June 2021



Source: ABS *Australian Industry*, Table 5, May 2022 and ASBFEO calculations, private sector industry. The ABS publish this data for selected industries, which excludes financial and insurance services.

Chart 2 shows the industry sectors where small businesses make the greatest contribution to employment. The top three industry sectors are:

- Construction (employing 793,000 people in June 2021)
- Professional, scientific and technical services (employing 571,000 people in June 2021)
- Accommodation and food services (employing 508,000 people in June 2021).

Table 2: Employment by industry, ordered by small business proportionate share – 2020-21

Industry Sector	Small ('000)	Medium ('000)	Large ('000)	All ('000)	Small Business share (%)
Agriculture, forestry and fishing	360	59	20	439	82
Rental, hiring and real estate services	309	63	41	413	75
Construction	793	247	156	1,196	66
Other services	351	115	68	534	66
Accommodation and food services	508	297	249	1,055	48
Professional, scientific and technical services	571	342	287	1,200	48
Transport, postal and warehousing	281	114	245	639	44
Arts and recreation services	71	57	89	217	33
Wholesale trade	180	190	198	569	32
Retail trade	439	253	695	1,388	32
Manufacturing	260	290	289	839	31
Health care and social assistance (private)	431	265	750	1,446	30
Information media and telecommunications	45	34	87	167	27
Administrative and support services	250	296	384	930	27
Education and training (private)	116	139	195	451	26
Public administration and safety (private)	19	30	42	90	21
Electricity, gas, water and waste services	18	22	82	123	15
Mining	16	26	147	189	8
Total selected industries	5,019	2,840	4,026	11,884	42

Source: ABS *Australian Industry*, Table 5, May 2022 and ASBFEO calculations, private sector industry. The ABS publish this data for selected industries, which excludes financial and insurance services. Small businesses are those with 0-19 employees, medium businesses are those with 20-199 employees and large businesses are those with 200+ employees. Totals may not sum due to rounding.

Notably in table 2, the private sector industries most reliant on small business for employment (that is, with two thirds or more of people employed by small businesses) were:

- Agriculture, forestry and fishing (82% of employment by small businesses)
- Rental, hiring and real estate services (75% of employment by small businesses)
- Construction (66% of employment by small businesses)
- Other Services (66% of employment by small businesses).

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Manager
Media and Communications
The Australian Small Business and Family Enterprise Ombudsman
Ph: 02 6121 3000
Email: media@asbfeo.gov.au