

Number of small businesses in Australia

Australian Small Business and Family Enterprise
Ombudsman

August 2024

Small business' contribution to Australian business numbers is one indicator of their contribution to the Australian economy. This can be explored by looking at the number of small businesses by employment and turnover.

1. Number of small businesses by employment

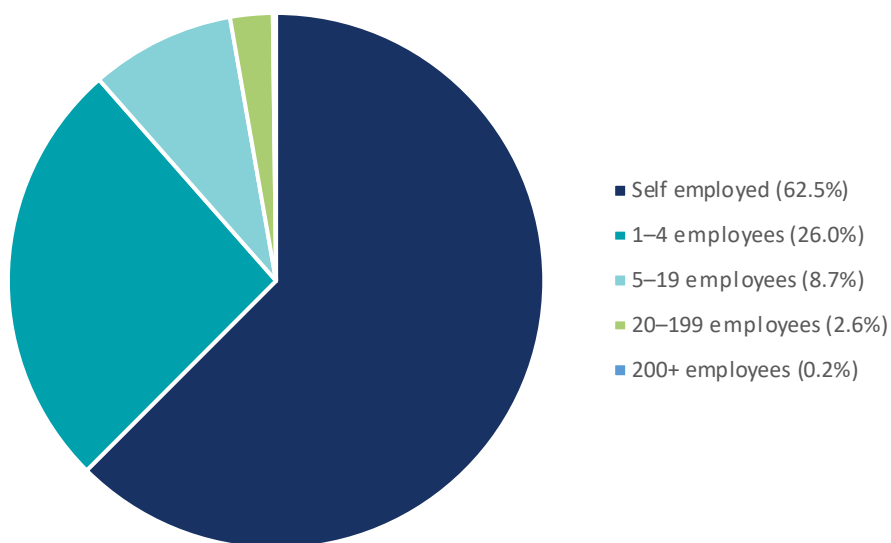
The Australian Bureau of Statistics (ABS) defines small businesses as those with less than 20 employees. As shown in Table 1, 97.2% of all Australian businesses were small businesses in June 2024.

Table 1: Business size measured by employment in June 2024

| Number of employees | Number of businesses | % of total businesses |
|---------------------------------------|----------------------|-----------------------|
| Small business (0-19 employees) | 2,589,595 | 97.2 |
| Medium business (20-199 employees) | 68,214 | 2.6 |
| Large business (200+ employees) | 5,189 | 0.2 |
| Total | 2,662,998 | 100 |

Source: ABS Counts of Australian Business, Table 13a, August 2024 and ASBFEO calculations (excludes businesses that are not registered for GST).

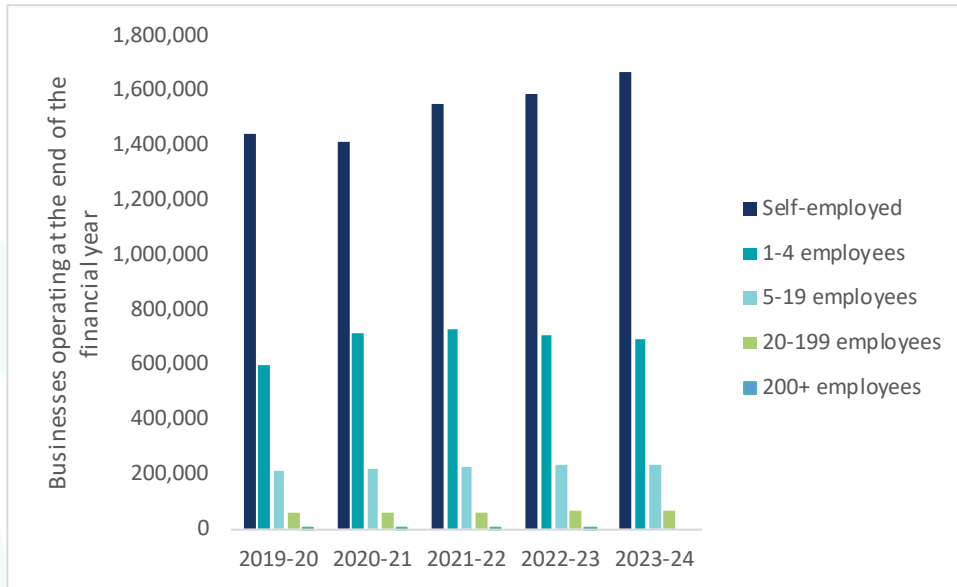
Chart 1: Number of Australian businesses measured by employment size in June 2024



Source: ABS Counts of Australian Business, Table 13a, August 2024 and ASBFEO calculations (excludes businesses that are not registered for GST) and ASBFEO calculations (excludes businesses that are not registered for GST).

As shown above in Chart 1, over half (62.5%) of Australian businesses are self-employed/non-employing. An additional 26.0% of businesses employed 1-4 people and 8.7% employed 5-19 people. These businesses are all classified as a small business according to the ABS definition.

Chart 2: Number of Australian businesses measured by employment size



Source: ABS Counts of Australian Business, Table 13a, August 2024 and ASBFEO calculations (excludes businesses that are not registered for GST).

As shown in the chart above, the number of businesses increased in 2023-24 in all business sizes except small businesses with 1-4 employees, which decreased 1.4%.

2. Number of small businesses by turnover

Table 2: Business numbers by annual turnover in June 2023

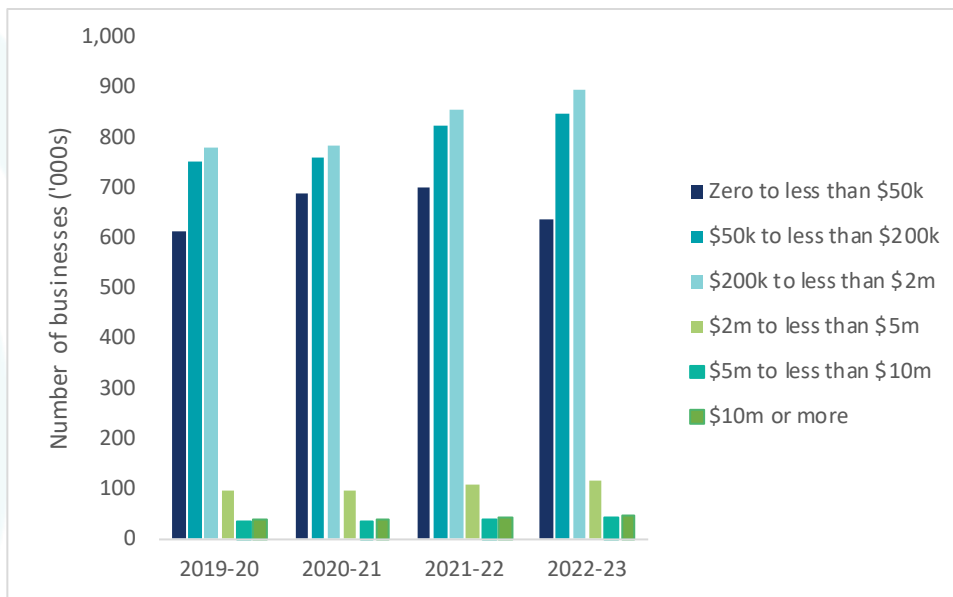
| Annual turnover | Number of businesses | % of total businesses |
|---------------------------|----------------------|-----------------------|
| \$0 to less than \$50k | 638,893 | 24.7% |
| \$50k to less than \$200k | 845,884 | 32.7% |
| \$200k to less than \$2m | 895,806 | 34.6% |
| \$2m to less than \$5m | 117,843 | 4.6% |
| \$5m to less than \$10m | 43,729 | 1.7% |
| \$10m or more | 47,718 | 1.8% |
| Total | 2,589,873 | 100.0% |

Source: ABS Counts of Australian Business, Table 17, December 2023 and ASBFEO calculations (excludes businesses that are not registered for GST).

A common definition of small business used by the Australian Taxation Office (ATO) are those businesses with a turnover of \$10 million or less.¹

Using this definition, 98% of Australian businesses are small businesses. The vast majority (92%) of these businesses have a turnover of less than \$2 million. However, it is likely that this figure underestimates businesses with a turnover below \$75,000 as it is based on businesses registered for GST. Businesses only need to register for GST if their current or projected turnover is \$75,000 or more.

Chart 3: Number of Australian businesses measured by turnover



Source: ABS Counts of Australian Business, Table 17, December 2023 and ASBFEO calculations (excludes businesses that are not registered for GST).

Chart 3 shows the composition of businesses is relatively steady. number of businesses with nominal turnover less than \$2 million increased by 7% (145,320 businesses) in 2021-22.

¹ Australian Taxation Office (2020, December 10). Eligibility. Retrieved June 7, 2022, from www.ato.gov.au: Australian Taxation Office.

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