



JUNE 2003 TO JUNE 2007

8165.0

COUNTS OF AUSTRALIAN BUSINESSES, INCLUDING ENTRIES AND EXITS

AUSTRALIA

EMBARGO: 11.30AM (CANBERRA TIME) FRI 14 DEC 2007

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For further information
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INTRODUCTION

This publication presents counts of businesses sourced from the Australian Bureau of Statistics Business Register (ABSBR).

This publication represents the first update to *Counts of Australian Businesses, including Entries and Exits*, initially released in February 2007.

This series replaces all previous business counts releases, including: *Australian Bureau of Statistics Business Register, Counts of Businesses* (cat.no. 8161.0.55.001) and *Experimental Estimates, Entries and Exits of Business Entities, Australia* (cat.no.8160.55.001). The counts presented in this publication are not comparable with those presented in these previous releases.

CHANGES FROM THE PREVIOUS RELEASE

There have been few changes in this publication compared with the previous release. The existing conceptual basis for both point-in-time counts and counts of entries and exits continues in this series. This publication provides new business counts, entries, exits and survival information as at June 2007, and the use of 2007 data (where possible) to allocate employment and turnover values to individual businesses.

Other enhancements to the data have been made, including the provision of data by Type of Legal Organisation (TOLO). In addition, sub-State level datacubes have been released for the first time using the Statistical Local Area (SLA) classification. These SLA datacubes will replace the postcode-based data released in May 2007. The Explanatory Notes commencing on Page 22, contain further information about these changes.

This publication is accompanied by the release of a range of detailed Counts of Australian Businesses, including Entries and Exits datacubes. Each of these datacubes contains industry, geographical and business size dimensions, and offers users access to more detailed cross-classified information.

Due to the fine level information presented, each datacube has been confidentialised to ensure no individual business can be identified. A new confidentialising process has been used for this release. This has resulted in data from previous datacube releases being slightly refined. At the broadest levels, the changes to the data have been minimal. Users however should be aware that at more detailed levels, the new confidentiality process has had greater impact. Explanatory Notes commencing on page 22, contain further information about these changes.

FUTURE RELEASES

It is planned to continue releasing updated counts, including entries and exits, on an annual basis in future. As discussed in the Appendix on Page 32, these counts will be further refined over time.

FEEDBACK

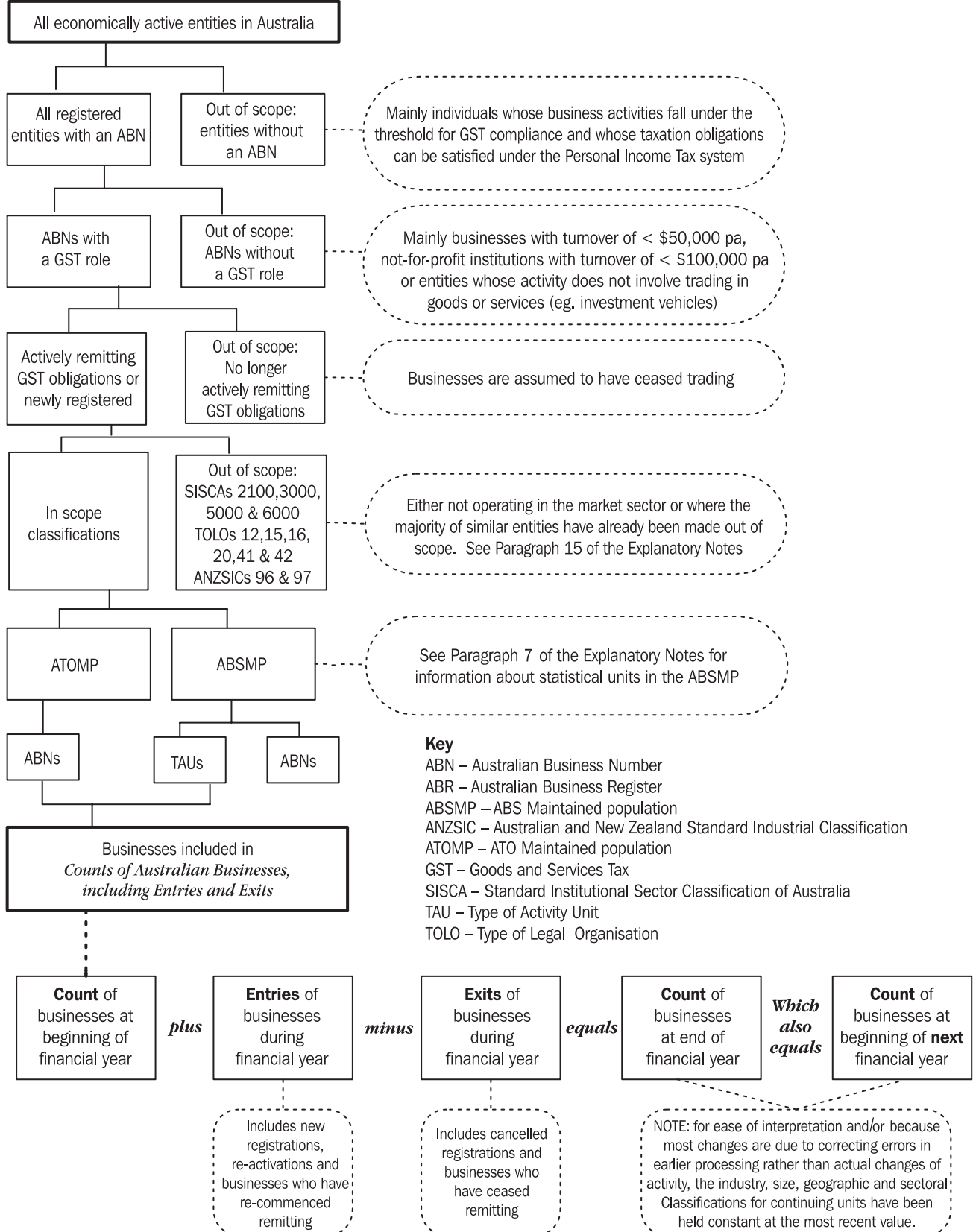
The ABS welcomes feedback from users of these business counts. To provide feedback, please phone Ashley Bartlett on 02 6252 5402 or email <business.demographics@abs.gov.au>.

Brian Pink
Australian Statistician

CONCEPTUAL AND PRACTICAL BASIS FOR COUNTS

DIAGRAM 1:

THE FOLLOWING ILLUSTRATES THE CONCEPTUAL AND PRACTICAL BASIS FOR COUNTS OF AUSTRALIAN BUSINESSES, INCLUDING ENTRIES AND EXITS



SUMMARY OF FINDINGS

SUMMARY OF FINDINGS

There were 2,011,770 actively trading businesses in Australia as at June 2007.

While growth in the number of businesses slowed slightly between 2003-04 and 2005-06, there was a significant increase in the growth rate of businesses in 2006-07. Overall, growth rates for the past four financial years were 2.2% during 2003-04; 1.5% during 2004-05; 1.3% during 2005-06; and 2.4% in 2006-07.

In comparison, GDP (in chain volume terms) over the corresponding periods grew by 4.0%, 2.8%, 3.0%, and 3.2%, respectively, while Australia's population grew by 1.1%, 1.2%, 1.3% and 1.5% over the same periods.

The growth in the number of businesses during the financial year to June 2007 was mainly due to increasing entry rates coupled with slightly decreasing exit rates. The entry rate for new businesses during 2006-07 was 17.0%, up from the 16.2% entry rate recorded in 2005-06. The business exit rate during 2006-07 was 14.6%, down from 14.9% in 2005-06. This exit rate was the lowest rate recorded over the four year period to June 2007.

Of the 1,868,969 businesses operating in June 2003 (which is when this data series commenced), 58% were still operating in June 2007. Of the 777,106 businesses which exited, 37% exited during 2003-04, 28% during 2004-05, 20% during 2005-06 and the remaining 16% during 2006-07.

Of the 325,935 business entries during 2003-04, 49% were still operating in June 2007. Of the 167,434 which exited, 48% had exited during 2004-05, 33% during 2005-06 and the remaining 19% during 2006-07.

In combination, the above two points indicate that, over the short to medium term, business survival is related to the age of a business. That is, the longer a business survives, the greater its chances of continuing survival.

Survival rates are also heavily influenced by non-employing businesses, which have significantly lower survival rates than employing businesses but contribute the greatest proportion of both the stock of existing businesses and business entries (67% of businesses operating in June 2003 and 72% of business entries in 2003-04 were non-employers). For example, while 49% of all entries in 2003-04 were still operating in June 2007, 71% of new employing businesses were still operating compared to 40% of new non-employers.

INDUSTRY

At June 2007, the distribution of the Australian business population by industry was similar to the distribution recorded in June 2006. Property and business services had the greatest number of businesses with 507,508 (or 25% of the total), followed by Construction (16%), Retail trade and Agriculture, forestry and fishing (11% each).

During 2006-2007, Education (24%) and Communication services (23%) had the highest entry rates, followed by the Finance and Insurance (21%) and Construction (20%) industries.

Over the same period, exit rates were highest for Communication services (20%), followed by Education, Electricity, gas and water supply and Personal and other services, each recording 18% exit rates. The relatively high entry and exit rates associated with the Education and Communication services industries suggests these industries have

SUMMARY OF FINDINGS *continued*

INDUSTRY *continued*

experienced a significant amount of churn over 2006-2007. These industries also experienced relatively low survival rates from 2003-2007 (see below).

Only Electricity, gas and water supply (-4.3%) and Manufacturing (-0.2%) experienced net decreases in the total number of businesses from the previous year (June 2006). The number of Manufacturing businesses has decreased in every year since this data series commenced in 2003.

The survival rates at June 2007 for businesses operating since June 2003 were highest for Health and community services (71%) and Agriculture, forestry and fishing (65%). Over the period June 2003 - 2007, the survival rates attributed to these industries were consistently higher than compared with other industries.

Survival rates were lowest for businesses operating in Communication services (45%) and Education (49%). As noted, for the period June 2003 - 2007, the survival rates attributed to these industries were consistently lower than in other industries.

The survival rates for business entries during 2003-04 continued to be similar in terms of their industry breakdown to those for the stock of businesses at June 2003. The business entry survival rates were led by those businesses in Health and community services (59%) and the Agriculture, forestry and fishing industries (58%), both had survival rates well above the national rate of 49%.

MAIN STATE OF OPERATION

At June 2007, the proportion of businesses by State (as defined by the main State of operation) was broadly aligned with the proportion of Australia's population by State. The main difference was that the larger States (New South Wales, Victoria, and Queensland) had a slightly greater proportion of Australia's businesses than they did of Australia's population (for example, New South Wales had 34% of businesses and 33% of the population). Western Australia joined this group of States by recording a slightly higher proportion of Australia's businesses (10.2%) compared to its population (10.0%).

For smaller States, the proportion of the population continued to outweigh the proportion of businesses (for example, Tasmania had 1.9% of businesses and 2.3% of the population). The Northern Territory had the lowest populations in terms of both people and businesses (1.0% and 0.7% respectively). This may in part be explained by the classification of businesses to their main State of operation, where that State is less likely to be one of the smaller States.

In the year to June 2007, Western Australia (4.7%) and Queensland (3.7%) continued to have the highest net growth in the number of businesses, and also experienced the highest entry rates (19.3% and 19.0% respectively). New South Wales (1.2%) and the Australian Capital Territory (1.0%) continued to experience the lowest net growth in the number of businesses, while entry rates were lowest in Tasmania (14%). Exit rates were highest for the Australian Capital Territory (16%), and the Northern Territory (16%), closely followed by Queensland (15%).

Of those businesses operating in June 2003, the survival rates at June 2007 followed the trend from June 2006. That is, survival rates were highest in Tasmania and South Australia and lowest in the Northern Territory and the Australian Capital Territory. The survival rates for business entries during 2003-04 were highest for Tasmania and lowest for the Northern Territory.

SUMMARY OF FINDINGS *continued*

INSTITUTIONAL SECTOR

At June 2007, 1,276,545 (or 64%) of businesses were classified to the Household sector (which includes most unincorporated businesses), while 599,114 (30%) were classified to the Non-financial corporations sector, and 136,111 or (7%) to the Financial corporations sector.

There was growth across all three institutional sectors to June 2007. The Non-financial corporations sector grew by 2.5% from June 2006 to June 2007, while the Household sector grew 2.1% and the Financial corporations sector 5.4% over the same period.

Entry rates fluctuated between sectors: 21% for the Financial corporations sector; 18% for the Households sector; and 14% for the Non-financial corporations sector. Each entry rate increased notably from the previous year, while exit rates remained relatively stable.

Continuing an overall trend, the survival to June 2007 of businesses that were operating in June 2003 was higher for businesses in the Non-financial corporations sector (66%) than for those in the Households (56%) and Financial corporations sectors (56%). Survival rates for Non-financial corporations which entered in 2003-04 were also higher than for the other sectors.

TYPE OF LEGAL ORGANISATION

At June 2007, there were 641,538 (32%) Companies in Australia, followed by 620,037 (31%) Sole proprietors, 385,801 (19%) Partnerships and 364,075 (18%) Trusts. There were also a relatively small number of businesses (<1%) operating in the Public sector.

Over the past four years, there has been consistent growth across most organisational categories, except for Partnerships which have experienced decline each year.

Out of all private sector businesses in the period June 2006-07, entry rates were highest for Sole proprietors (22%) and Trusts (19%), followed by Companies (14%) and Partnerships (12%). Conversely, exit rates were highest for Sole proprietors (20%) and were noticeably lower across the other private sector categories. Across the past four financial years, both entry and exit rates have been relatively stable for all private sector categories.

For both the stock of businesses and for business entries, survival rates have been consistently higher for Trusts and Companies, while they have been lower for Sole Proprietors and Partnerships.

EMPLOYMENT SIZE RANGES

At June 2007, there were 839,938 (42%) employing businesses and 1,171,832 (58%) non-employing businesses.

Most employing businesses, 755,758 (90%) employed less than 20 employees. This comprised 527,445 (70%) businesses with 1-4 employees and 228,313 (30%) businesses with 5-19 employees. There were also 78,304 (9%) businesses with 20-199 employees and 5,876 (<1%) businesses with 200 or more employees.

In the period June 2006-07, entry rates were notably higher for non-employing businesses (20%) and businesses employing 200 employees or more (10%) compared to equivalent rates from the previous year (18% and 9% respectively). In comparison, entry rates for businesses employing between 5-19 employees and 20-199 employees remained relatively stable. Most business entries (93%) continued to occur in the micro business

SUMMARY OF FINDINGS *continued*

EMPLOYMENT SIZE RANGES *continued*

population, which comprises non-employing businesses and businesses employing between 1-4 employees.

Exit rates over the same period were highest for non-employing businesses (18%) and businesses employing 1-4 employees (10%), while being lowest for businesses employing between 20-199 staff (7%).

The survival rates for businesses operating since June 2003 varied significantly between the employing (81%) and the non-employing (47%) populations. In addition, for employing businesses, survival rates were slightly higher for businesses employing between 5-19 employees (85%) and 20-199 employees (85%). Survival rates of business entries were distributed in a similar manner.

ANNUAL TURNOVER SIZE RANGES

At June 2007, there were 742,288 (37%) businesses with turnover from \$50k to less than \$200k. This was followed by 646,458 (32%) businesses with turnover from \$200k to less than \$2m, 501,467 (25%) businesses with turnover between zero and \$50k, and 121,557 (6%) businesses with turnover above \$2m per annum.

In the period June 2006-07, entry rates were highest for businesses with turnover between zero to less than \$50k (21%).

The survival rates for businesses operating since June 2003 were generally higher for businesses with higher annual turnover, although businesses with turnover from \$50k to less than \$200k had the lowest survival rate at 53%. A similar survival rate pattern emerged for businesses that started operating in 2003-04, although businesses with turnover of \$2m or more recorded only the second highest survival rate.

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BUSINESSES BY INDUSTRY DIVISION: June 2003 - June 2007

	<i>Operating at start of financial year</i>	<i>Entries</i>	<i>Exits</i>	<i>Operating at end of financial year</i>	<i>Change</i>	<i>Percentage change</i>	<i>Entry rate</i>	<i>Exit rate</i>
	no.	no.	no.	no.	no.	%	%	%
2003-04								
Agriculture, Forestry and Fishing	212 005	23 042	22 364	212 683	678	0.3	10.9	10.6
Mining	6 134	1 093	920	6 307	173	2.8	17.8	15.0
Manufacturing	111 085	14 270	15 253	110 102	-983	-0.9	12.9	13.7
Electricity, Gas and Water Supply	1 620	509	309	1 820	200	12.4	31.4	19.1
Construction	289 509	55 785	47 995	297 299	7 790	2.7	19.3	16.6
Wholesale Trade	79 742	13 635	11 230	82 147	2 405	3.0	17.1	14.1
Retail Trade	211 284	37 570	33 790	215 064	3 780	1.8	17.8	16.0
Accommodation, Cafes and Restaurants	50 941	11 805	9 179	53 567	2 626	5.2	23.2	18.0
Transport and Storage	110 813	20 673	18 001	113 485	2 672	2.4	18.7	16.2
Communication Services	23 580	5 402	5 103	23 879	299	1.3	22.9	21.6
Finance and Insurance	123 058	24 040	20 324	126 774	3 716	3.0	19.5	16.5
Property and Business Services	451 927	84 910	68 588	468 249	16 322	3.6	18.8	15.2
Education	15 172	2 958	3 179	14 951	-221	-1.5	19.5	21.0
Health and Community Services	82 763	10 482	8 206	85 039	2 276	2.8	12.7	9.9
Cultural Recreational Services	47 809	7 502	9 263	46 048	-1 761	-3.7	15.7	19.4
Personal and Other Services	51 527	12 259	10 293	53 493	1 966	3.8	23.8	20.0
All Industries	1 868 969	325 935	283 997	1 910 907	41 938	2.2	17.4	15.2
2004-05								
Agriculture, Forestry and Fishing	212 683	23 552	22 985	213 250	567	0.3	11.1	10.8
Mining	6 307	1 274	1 018	6 563	256	4.1	20.2	16.1
Manufacturing	110 102	13 819	15 744	108 177	-1 925	-1.8	12.6	14.3
Electricity, Gas and Water Supply	1 820	472	342	1 950	130	7.1	25.9	18.8
Construction	297 299	55 386	49 637	303 048	5 749	1.9	18.6	16.7
Wholesale Trade	82 147	14 049	11 680	84 516	2 369	2.9	17.1	14.2
Retail Trade	215 064	37 554	35 658	216 960	1 896	0.9	17.5	16.6
Accommodation, Cafes and Restaurants	53 567	11 241	10 122	54 686	1 119	2.1	21.0	18.9
Transport and Storage	113 485	20 151	19 372	114 264	779	0.7	17.8	17.1
Communication Services	23 879	5 070	5 368	23 581	-298	-1.3	21.2	22.5
Finance and Insurance	126 774	23 024	20 655	129 143	2 369	1.9	18.2	16.3
Property and Business Services	468 249	83 774	71 087	480 936	12 687	2.7	17.9	15.2
Education	14 951	2 991	2 988	14 954	3	—	20.0	20.0
Health and Community Services	85 039	10 710	8 803	86 946	1 907	2.2	12.6	10.4
Cultural Recreational Services	46 048	7 822	8 466	45 404	-644	-1.4	17.0	18.4
Personal and Other Services	53 493	11 511	10 294	54 710	1 217	2.3	21.5	19.2
All Industries	1 910 907	322 400	294 219	1 939 088	28 181	1.5	16.9	15.4

— nil or rounded to zero (including null cells)

	<i>Operating at start of financial year</i>	<i>Entries</i>	<i>Exits</i>	<i>Operating at end of financial year</i>	<i>Change</i>	<i>Percentage change</i>	<i>Entry rate</i>	<i>Exit rate</i>
	no.	no.	no.	no.	no.	%	%	%
2005-06								
Agriculture, Forestry and Fishing	213 250	30 029	28 400	214 879	1 629	0.8	14.1	13.3
Mining	6 563	1 467	1 033	6 997	434	6.6	22.4	15.7
Manufacturing	108 177	12 702	14 101	106 778	-1 399	-1.3	11.7	13.0
Electricity, Gas and Water Supply	1 950	501	394	2 057	107	5.5	25.7	20.2
Construction	303 048	53 385	48 028	308 405	5 357	1.8	17.6	15.9
Wholesale Trade	84 516	12 151	12 034	84 633	117	0.1	14.4	14.2
Retail Trade	216 960	34 401	33 677	217 684	724	0.3	15.9	15.5
Accommodation, Cafes and Restaurants	54 686	10 358	9 378	55 666	980	1.8	18.9	17.2
Transport and Storage	114 264	18 956	17 578	115 642	1 378	1.2	16.6	15.4
Communication Services	23 581	4 504	4 894	23 191	-390	-1.7	19.1	20.8
Finance and Insurance	129 143	22 337	21 834	129 646	503	0.4	17.3	16.9
Property and Business Services	480 936	80 770	69 253	492 453	11 517	2.4	16.8	14.4
Education	14 954	3 072	2 739	15 287	333	2.2	20.5	18.3
Health and Community Services	86 946	10 836	8 554	89 228	2 282	2.6	12.5	9.8
Cultural Recreational Services	45 404	7 833	7 700	45 537	133	0.3	17.3	17.0
Personal and Other Services	54 710	11 276	10 162	55 824	1 114	2.0	20.6	18.6
All Industries	1 939 088	314 578	289 759	1 963 907	24 819	1.3	16.2	14.9
2006-07								
Agriculture, Forestry and Fishing	214 879	24 532	24 616	214 795	-84	—	11.4	11.5
Mining	6 997	1 251	1 043	7 205	208	3.0	17.9	14.9
Manufacturing	106 778	13 918	14 131	106 565	-213	-0.2	13.0	13.2
Electricity, Gas and Water Supply	2 057	273	362	1 968	-89	-4.3	13.3	17.6
Construction	308 405	62 035	48 036	322 404	13 999	4.5	20.1	15.6
Wholesale Trade	84 633	13 115	12 350	85 398	765	0.9	15.5	14.6
Retail Trade	217 684	35 876	34 252	219 308	1 624	0.8	16.5	15.7
Accommodation, Cafes and Restaurants	55 666	10 712	9 700	56 678	1 012	1.8	19.2	17.4
Transport and Storage	115 642	19 292	17 611	117 323	1 681	1.5	16.7	15.2
Communication Services	23 191	5 419	4 612	23 998	807	3.5	23.4	19.9
Finance and Insurance	129 646	27 188	20 247	136 587	6 941	5.4	21.0	15.6
Property and Business Services	492 453	86 097	71 042	507 508	15 055	3.1	17.5	14.4
Education	15 287	3 713	2 735	16 265	978	6.4	24.3	17.9
Health and Community Services	89 228	11 702	8 612	92 318	3 090	3.5	13.1	9.7
Cultural Recreational Services	45 537	8 800	7 529	46 808	1 271	2.8	19.3	16.5
Personal and Other Services	55 824	10 766	9 948	56 642	818	1.5	19.3	17.8
All Industries	1 963 907	334 689	286 826	2 011 770	47 863	2.4	17.0	14.6

— nil or rounded to zero (including null cells)

2

SURVIVAL OF BUSINESSES BY INDUSTRY DIVISION: June 2003 - June 2007

	<i>Operating in June 2003</i>	<i>Survived to June 2004</i>	<i>Survival rate</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived to June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%	no.	%
Agriculture, Forestry and Fishing	212 005	189 641	89.5	171 219	80.8	150 808	71.1	137 454	64.8
Mining	6 134	5 214	85.0	4 476	73.0	3 987	65.0	3 619	59.0
Manufacturing	111 085	95 832	86.3	83 490	75.2	74 892	67.4	67 623	60.9
Electricity, Gas and Water Supply	1 620	1 311	80.9	1 119	69.1	989	61.1	889	54.9
Construction	289 509	241 514	83.4	206 632	71.4	182 960	63.2	164 197	56.7
Wholesale Trade	79 742	68 512	85.9	60 002	75.3	53 724	67.4	48 490	60.8
Retail Trade	211 284	177 494	84.0	150 500	71.2	132 013	62.5	116 872	55.3
Accommodation, Cafes and Restaurants	50 941	41 762	82.0	34 560	67.8	29 853	58.6	26 055	51.2
Transport and Storage	110 813	92 812	83.8	79 017	71.3	70 172	63.3	62 946	56.8
Communication Services	23 580	18 477	78.4	14 716	62.4	12 395	52.6	10 540	44.7
Finance and Insurance	123 058	102 734	83.5	88 529	71.9	77 513	63.0	69 217	56.3
Property and Business Services	451 927	383 339	84.8	332 300	73.5	295 947	65.5	267 110	59.1
Education	15 172	11 993	79.1	9 848	64.9	8 451	55.7	7 465	49.2
Health and Community Services	82 763	74 557	90.1	67 825	82.0	62 696	75.8	58 353	70.5
Cultural and Recreational Services	47 809	38 546	80.6	32 342	67.7	28 171	58.9	25 023	52.3
Personal and Other Services	51 527	41 234	80.0	34 448	66.9	29 694	57.6	26 010	50.5
All Industries	1 868 969	1 584 972	84.8	1 371 023	73.4	1 214 265	65.0	1 091 863	58.4

3

SURVIVAL OF ENTRIES BY INDUSTRY DIVISION: June 2003 - June 2007

	<i>Entries in 2003-04</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived to June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%
Agriculture, Forestry and Fishing	23 042	18 479	80.2	15 314	66.5	13 268	57.6
Mining	1 093	813	74.4	605	55.4	521	47.7
Manufacturing	14 270	10 868	76.2	8 521	59.7	7 111	49.8
Electricity, Gas and Water Supply	509	359	70.5	241	47.4	195	38.3
Construction	55 785	41 030	73.6	30 943	55.5	25 554	45.8
Wholesale Trade	13 635	10 465	76.8	7 999	58.7	6 531	47.9
Retail Trade	37 570	28 906	76.9	22 292	59.3	18 121	48.2
Accommodation, Cafes and Restaurants	11 805	8 885	75.3	6 729	57.0	5 376	45.5
Transport and Storage	20 673	15 096	73.0	11 442	55.4	9 447	45.7
Communication Services	5 402	3 795	70.3	2 690	49.8	2 161	40.0
Finance and Insurance	24 040	17 590	73.2	13 414	55.8	11 370	47.3
Property and Business Services	84 910	64 862	76.4	51 104	60.2	43 114	50.8
Education	2 958	2 115	71.5	1 553	52.5	1 270	42.9
Health and Community Services	10 482	8 411	80.2	7 018	67.0	6 187	59.0
Cultural and Recreational Services	7 502	5 240	69.9	3 873	51.6	3 138	41.8
Personal and Other Services	12 259	8 751	71.4	6 383	52.1	5 137	41.9
All Industries	325 935	245 665	75.4	190 121	58.3	158 501	48.6

BUSINESSES BY MAIN STATE(a): June 2003 - June 2007

	<i>Operating at start of financial year</i>	<i>Entries</i>	<i>Exits</i>	<i>Operating at end of financial year</i>	<i>Change</i>	<i>Percentage change</i>	<i>Entry rate</i>	<i>Exit rate</i>
	no.	no.	no.	no.	no.	%	%	%
2003-04								
New South Wales	650 890	116 513	103 343	664 060	13 170	2.0	17.9	15.9
Victoria	465 922	78 412	67 368	476 966	11 044	2.4	16.8	14.5
Queensland	358 339	67 116	55 776	369 679	11 340	3.2	18.7	15.6
South Australia	135 477	20 641	17 737	138 381	2 904	2.1	15.2	13.1
Western Australia	185 858	31 306	28 659	188 505	2 647	1.4	16.8	15.4
Tasmania	35 156	5 430	4 549	36 037	881	2.5	15.5	12.9
Northern Territory	13 650	2 222	2 477	13 395	-255	-1.9	16.3	18.2
Australian Capital Territory	23 677	4 295	4 088	23 884	207	0.9	18.1	17.3
Australia	1 868 969	325 935	283 997	1 910 907	41 938	2.2	17.4	15.2
2004-05								
New South Wales	664 060	110 157	105 544	668 673	4 613	0.7	16.6	15.9
Victoria	476 966	78 830	70 713	485 083	8 117	1.7	16.5	14.8
Queensland	369 679	69 511	58 955	380 235	10 556	2.9	18.8	16.0
South Australia	138 381	20 318	18 815	139 884	1 503	1.1	14.7	13.6
Western Australia	188 505	31 737	28 919	191 323	2 818	1.5	16.8	15.3
Tasmania	36 037	5 410	4 852	36 595	558	1.6	15.0	13.5
Northern Territory	13 395	2 305	2 399	13 301	-94	-0.7	17.2	17.9
Australian Capital Territory	23 884	4 132	4 022	23 994	110	0.5	17.3	16.8
Australia	1 910 907	322 400	294 219	1 939 088	28 181	1.5	16.9	15.4
2005-06								
New South Wales	668 673	104 507	101 562	671 618	2 945	0.4	15.6	15.2
Victoria	485 083	76 276	70 185	491 174	6 091	1.3	15.7	14.5
Queensland	380 235	69 371	59 567	390 039	9 804	2.6	18.2	15.7
South Australia	139 884	19 977	19 006	140 855	971	0.7	14.3	13.6
Western Australia	191 323	32 991	28 737	195 577	4 254	2.2	17.2	15.0
Tasmania	36 595	5 227	4 691	37 131	536	1.5	14.3	12.8
Northern Territory	13 301	2 389	2 272	13 418	117	0.9	18.0	17.1
Australian Capital Territory	23 994	3 840	3 739	24 095	101	0.4	16.0	15.6
Australia	1 939 088	314 578	289 759	1 963 907	24 819	1.3	16.2	14.9
2006-07								
New South Wales	671 618	108 333	100 102	679 849	8 231	1.2	16.1	14.9
Victoria	491 174	81 091	68 886	503 379	12 205	2.5	16.5	14.0
Queensland	390 039	74 236	59 988	404 287	14 248	3.7	19.0	15.4
South Australia	140 855	21 278	18 517	143 616	2 761	2.0	15.1	13.2
Western Australia	195 577	37 767	28 643	204 701	9 124	4.7	19.3	14.7
Tasmania	37 131	5 367	4 711	37 787	656	1.8	14.5	12.7
Northern Territory	13 418	2 516	2 126	13 808	390	2.9	18.8	15.8
Australian Capital Territory	24 095	4 101	3 853	24 343	248	1.0	17.0	16.0
Australia	1 963 907	334 689	286 826	2 011 770	47 863	2.4	17.0	14.6

(a) Please refer to paragraph 57 in the Explanatory Notes for more information regarding businesses and their Main State of operation.

5

SURVIVAL OF BUSINESSES BY MAIN STATE(a): June 2003 - June 2007

	<i>Operating in June 2003</i>	<i>Survived to June 2004</i>	<i>Survival rate</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived to June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%	no.	%
New South Wales	650 890	547 547	84.1	471 773	72.5	417 888	64.2	375 761	57.7
Victoria	465 922	398 554	85.5	346 884	74.5	308 630	66.2	279 191	59.9
Queensland	358 339	302 563	84.4	259 786	72.5	228 384	63.7	203 772	56.9
South Australia	135 477	117 740	86.9	103 527	76.4	92 242	68.1	83 304	61.5
Western Australia	185 858	157 199	84.6	135 962	73.2	120 039	64.6	107 560	57.9
Tasmania	35 156	30 607	87.1	26 952	76.7	24 152	68.7	21 949	62.4
Northern Territory	13 650	11 173	81.9	9 458	69.3	8 248	60.4	7 350	53.9
Australian Capital Territory	23 677	19 589	82.7	16 681	70.5	14 682	62.0	12 976	54.8
Australia	1 868 969	1 584 972	84.8	1 371 023	73.4	1 214 265	65.0	1 091 863	58.4

(a) Please refer to paragraph 57 in the Explanatory Notes for more information regarding businesses and their Main State of operation

6

SURVIVAL OF ENTRIES BY MAIN STATE(a): June 2003 - June 2007

	<i>Entries in 2003-04</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived to June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%
New South Wales	116 513	86 743	74.5	66 704	57.3	55 470	47.6
Victoria	78 412	59 369	75.7	46 080	58.8	38 506	49.1
Queensland	67 116	50 938	75.9	39 301	58.6	32 628	48.6
South Australia	20 641	16 039	77.7	12 766	61.9	10 840	52.5
Western Australia	31 306	23 624	75.5	18 292	58.4	15 221	48.6
Tasmania	5 430	4 233	78.0	3 422	63.0	2 882	53.1
Northern Territory	2 222	1 538	69.2	1 125	50.6	926	41.7
Australian Capital Territory	4 295	3 181	74.1	2 431	56.6	2 028	47.2
Australia	325 935	245 665	75.4	190 121	58.3	158 501	48.6

(a) Please refer to paragraph 57 in the Explanatory Notes for more information regarding businesses and their Main State of operation

7

BUSINESSES BY INSTITUTIONAL SECTOR: June 2003 - June 2007

	<i>Operating at start of financial year</i>	<i>Entries</i>	<i>Exits</i>	<i>Operating at end of financial year</i>	<i>Change</i>	<i>Percentage change</i>	<i>Entry rate</i>	<i>Exit rate</i>
	no.	no.	no.	no.	no.	%	%	%
2003-04								
Non-Financial Corporations	540 484	82 459	61 166	561 777	21 293	3.9	15.3	11.3
Financial Corporations	122 390	23 989	20 230	126 149	3 759	3.1	19.6	16.5
Households	1 206 095	219 487	202 601	1 222 981	16 886	1.4	18.2	16.8
All Sectors	1 868 969	325 935	283 997	1 910 907	41 938	2.2	17.4	15.2
2004-05								
Non-Financial Corporations	561 777	81 567	68 019	575 325	13 548	2.4	14.5	12.1
Financial Corporations	126 149	22 955	20 551	128 553	2 404	1.9	18.2	16.3
Households	1 222 981	217 878	205 649	1 235 210	12 229	1.0	17.8	16.8
All Sectors	1 910 907	322 400	294 219	1 939 088	28 181	1.5	16.9	15.4
2005-06								
Non-Financial Corporations	575 325	76 117	66 676	584 766	9 441	1.6	13.2	11.6
Financial Corporations	128 553	22 295	21 701	129 147	594	0.5	17.3	16.9
Households	1 235 210	216 166	201 382	1 249 994	14 784	1.2	17.5	16.3
All Sectors	1 939 088	314 578	289 759	1 963 907	24 819	1.3	16.2	14.9
2006-07								
Non-Financial Corporations	584 766	82 901	68 553	599 114	14 348	2.5	14.2	11.7
Financial Corporations	129 147	27 145	20 181	136 111	6 964	5.4	21.0	15.6
Households	1 249 994	224 643	198 092	1 276 545	26 551	2.1	18.0	15.9
All Sectors	1 963 907	334 689	286 826	2 011 770	47 863	2.4	17.0	14.6

8

SURVIVAL OF BUSINESSES BY INSTITUTIONAL SECTOR: June 2003 - June 2007

	<i>Operating in June 2003</i>	<i>Survived to June 2004</i>	<i>Survival rate</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived to June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%	no.	%
Non-Financial Corporations	540 484	479 318	88.7	426 808	79.0	387 131	71.6	353 870	65.5
Financial Corporations	122 390	102 160	83.5	88 054	72.0	77 142	63.0	68 892	56.3
Households	1 206 095	1 003 494	83.2	856 161	71.0	749 992	62.2	669 101	55.5
All Sectors	1 868 969	1 584 972	84.8	1 371 023	73.4	1 214 265	65.0	1 091 863	58.4

SURVIVAL OF ENTRIES BY INSTITUTIONAL SECTOR: June 2003 - June 2007

	<i>Entries in 2003-04</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived to June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%
Non-Financial Corporations	82 459	66 950	81.2	54 973	66.7	47 113	57.1
Financial Corporations	23 989	17 544	73.1	13 381	55.8	11 338	47.3
Households	219 487	161 171	73.4	121 767	55.5	100 050	45.6
All Sectors	325 935	245 665	75.4	190 121	58.3	158 501	48.6

	<i>Operating at start of financial year</i>	<i>Entries</i>	<i>Exits</i>	<i>Operating at end of financial year</i>	<i>Change</i>	<i>Percentage change</i>	<i>Entry rate</i>	<i>Exit rate</i>
	no.	no.	no.	no.	no.	%	%	%
2003-04								
Private Sector								
Total Companies	580 307	89 554	67 539	602 322	22 015	3.8	15.4	11.6
Sole Proprietor	593 931	129 300	126 707	596 524	2 593	0.4	21.8	21.3
Total Partnerships	413 062	55 546	59 473	409 135	-3 927	-1.0	13.5	14.4
Trust(a)	281 522	51 489	30 261	302 750	21 228	7.5	18.3	10.8
Public Sector								
Public Sector	147	46	17	176	29	19.7	31.3	11.6
All Organisational Types	1 868 969	325 935	283 997	1 910 907	41 938	2.2	17.4	15.2
2004-05								
Private Sector								
Total Companies	602 322	88 337	74 463	616 196	13 874	2.3	14.7	12.4
Sole Proprietor	596 524	128 125	125 947	598 702	2 178	0.4	21.5	21.1
Total Partnerships	409 135	51 337	59 934	400 538	-8 597	-2.1	12.6	14.7
Trust(a)	302 750	54 533	33 860	323 423	20 673	6.8	18.0	11.2
Public Sector								
Public Sector	176	68	15	229	53	30.1	38.6	8.5
All Organisational Types	1 910 907	322 400	294 219	1 939 088	28 181	1.5	16.9	15.4
2005-06								
Private Sector								
Total Companies	616 196	82 184	72 516	625 864	9 668	1.6	13.3	11.8
Sole Proprietor	598 702	128 377	121 890	605 189	6 487	1.1	21.4	20.4
Total Partnerships	400 538	50 924	58 007	393 455	-7 083	-1.8	12.7	14.5
Trust(a)	323 423	52 996	37 325	339 094	15 671	4.9	16.4	11.5
Public Sector								
Public Sector	229	97	21	305	76	33.2	42.4	9.2
All Organisational Types	1 939 088	314 578	289 759	1 963 907	24 819	1.3	16.2	14.9
2006-07								
Private Sector								
Total Companies	625 864	89 960	74 286	641 538	15 674	2.5	14.4	11.9
Sole Proprietor	605 189	135 804	120 956	620 037	14 848	2.5	22.4	20.0
Total Partnerships	393 455	46 232	53 886	385 801	-7 654	-2.0	11.8	13.7
Trust(a)	339 094	62 668	37 677	364 085	24 991	7.4	18.5	11.1
Public Sector								
Public Sector	305	25	21	309	4	1.3	8.2	6.9
All Organisational Types	1 963 907	334 689	286 826	2 011 770	47 863	2.4	17.0	14.6

(a) a small number of businesses not elsewhere classified have been included in the TOLO "Trusts" category

11

SURVIVAL OF BUSINESSES BY TYPE OF LEGAL ORGANISATION: June 2003 - June 2007

	<i>Operating in June 2003</i>	<i>Survived to June 2004</i>	<i>Survival rate</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived to June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%	no.	%
Private Sector									
Total Companies	580 307	512 768	88.4	455 618	78.5	413 091	71.2	377 451	65.0
Sole Proprietor	593 931	467 224	78.7	382 392	64.4	327 145	55.1	286 444	48.2
Total Partnerships	413 062	353 589	85.6	305 819	74.0	267 772	64.8	238 902	57.8
Trust(a)	281 522	251 261	89.3	227 078	80.7	206 156	73.2	188 970	67.1
Public Sector									
Public Sector	147	130	88.4	116	78.9	101	68.7	96	65.3
All Organisational Types	1 868 969	1 584 972	84.8	1 371 023	73.4	1 214 265	65.0	1 091 863	58.4

(a) a small number of businesses not elsewhere classified have been included in the TOLO "Trusts" category.

12

SURVIVAL OF ENTRIES BY TYPE OF LEGAL ORGANISATION: June 2003 - June 2007

	<i>Entries in 2003-04</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived to June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%
Private Sector							
Total Companies	89 554	72 241	80.7	59 090	66.0	50 615	56.5
Sole Proprietor	129 300	88 185	68.2	61 371	47.5	48 220	37.3
Total Partnerships	55 546	43 382	78.1	34 434	62.0	28 487	51.3
Trust(a)	51 489	41 812	81.2	35 184	68.3	31 142	60.5
Public Sector							
Public Sector	46	45	97.8	42	91.3	37	80.4
All Organisational Types	325 935	245 665	75.4	190 121	58.3	158 501	48.6

(a) a small number of businesses not elsewhere classified have been included in the TOLO "Trusts" category.

BUSINESSES BY EMPLOYMENT SIZE RANGES(a): June 2003 - June 2007

	<i>Operating at start of financial year</i>	<i>Entries</i>	<i>Exits</i>	<i>Operating at end of financial year</i>	<i>Change</i>	<i>Percentage change</i>	<i>Entry rate</i>	<i>Exit rate</i>
	no.	no.	no.	no.	no.	%	%	%
2003-04								
Non employing	1 243 075	235 942	268 292	1 210 725	-32 350	-2.6	19.0	21.6
Employing								
1-4(b)	364 525	58 147	11 161	411 511	46 986	12.9	16.0	3.1
5-19	185 416	23 716	2 790	206 342	20 926	11.3	12.8	1.5
20-199	70 843	7 649	1 427	77 065	6 222	8.8	10.8	2.0
200+	5 331	511	368	5 474	143	2.7	9.6	6.9
Total employing	627 368	90 424	16 010	701 782	74 414	11.9	14.4	2.6
Total	1 868 969	325 935	283 997	1 910 907	41 938	2.2	17.4	15.2
2004-05								
Non employing	1 210 725	217 302	272 749	1 155 278	-55 447	-4.6	18.0	22.5
Employing								
1-4(b)	411 511	75 064	15 094	471 481	59 970	14.6	18.2	3.7
5-19	206 342	23 120	4 015	225 447	19 105	9.3	11.2	2.0
20-199	77 065	6 439	2 114	81 390	4 325	5.6	8.4	2.7
200+	5 474	494	293	5 675	201	3.7	9.0	5.4
Total employing	701 782	105 620	21 795	785 607	83 825	11.9	15.1	3.1
Total	1 910 907	322 400	294 219	1 939 088	28 181	1.5	16.9	15.4
2005-06								
Non employing	1 155 278	212 004	210 956	1 156 326	1 048	0.1	18.4	18.3
Employing								
1-4(b)	471 481	79 418	56 703	494 196	22 715	4.8	16.8	12.0
5-19	225 447	18 777	16 851	227 373	1 926	0.9	8.3	7.5
20-199	81 390	3 867	5 042	80 215	-1 175	-1.4	4.8	6.2
200+	5 675	512	390	5 797	122	2.2	9.0	6.9
Total employing	785 607	102 574	80 600	807 581	21 974	2.8	13.1	10.3
Total	1 939 088	314 578	289 759	1 963 907	24 819	1.3	16.2	14.9
2006-07								
Non employing	1 156 326	227 697	212 191	1 171 832	15 506	1.3	19.7	18.4
Employing								
1-4(b)	494 196	84 384	51 135	527 445	33 249	6.7	17.1	10.4
5-19	227 373	18 372	17 432	228 313	940	0.4	8.1	7.7
20-199	80 215	3 663	5 574	78 304	-1 911	-2.4	4.6	7.0
200+	5 797	573	494	5 876	79	1.4	9.9	8.5
Total employing	807 581	106 992	74 635	839 938	32 357	4.0	13.2	9.2
Total	1 963 907	334 689	286 826	2 011 770	47 863	2.4	17.0	14.6

(a) Please refer to paragraph 50 in the Explanatory Notes for more information regarding Employment size ranges.

(b) A small number of businesses which have ITW roles for purposes other than withholding amounts from wages and salaries (and as such have zero employment), are included in this category.

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SURVIVAL OF BUSINESSES BY EMPLOYMENT SIZE RANGES(a): June 2003 - June 2007

	<i>Operating in June 2003</i>	<i>Survived to June 2004</i>	<i>Survival rate</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived to June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%	no.	%
Non employing	1 243 075	974 783	78.4	777 703	62.6	669 844	53.9	584 616	47.0
Employing									
1-4(b)	364 525	353 364	96.9	341 769	93.8	308 734	84.7	285 702	78.4
5-19	185 416	182 626	98.5	179 378	96.7	167 528	90.4	157 326	84.9
20-199	70 843	69 416	98.0	67 599	95.4	63 712	89.9	60 052	84.8
200+	5 331	4 963	93.1	4 716	88.5	4 447	83.4	4 167	78.2
Total employing	627 368	611 358	97.5	594 251	94.7	544 421	86.8	507 247	80.9
Total	1 868 969	1 584 972	84.8	1 371 023	73.4	1 214 265	65.0	1 091 863	58.4

(a) Please refer to paragraph 50 in the Explanatory notes for more information regarding Employment size ranges.

(b) A small number of businesses which have ITW roles for purposes other than withholding amounts from wages and salaries (and as such have zero employment), are included in this category.

15

SURVIVAL OF ENTRIES BY EMPLOYMENT SIZE RANGES(a): June 2003 - June 2007

	<i>Entries in 2003-04</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived to June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%
Non employing	235 942	160 273	67.9	117 939	50.0	94 530	40.1
Employing							
1-4(b)	58 147	54 648	94.0	44 542	76.6	39 132	67.3
5-19	23 716	22 949	96.8	20 467	86.3	18 390	77.5
20-199	7 649	7 352	96.1	6 755	88.3	6 081	79.5
200+	511	465	91.0	418	81.8	368	72.0
Total employing	90 424	85 736	94.8	72 182	79.8	63 971	70.8
Total	325 935	245 665	75.4	190 121	58.3	158 501	48.6

(a) Please refer to paragraph 50 in the Explanatory Notes for more information regarding Employment size ranges.

(b) A small number of businesses which have ITW roles for purposes other than withholding amounts from wages and salaries (and as such have zero employment), are included in this category.

BUSINESSES BY ANNUAL TURNOVER SIZE RANGES(a): June 2003 - June 2007

	<i>Operating at start of financial year</i>	<i>Entries</i>	<i>Exits</i>	<i>Operating at end of financial year</i>	<i>Change</i>	<i>Percentage change</i>	<i>Entry rate</i>	<i>Exit rate</i>
	no.	no.	no.	no.	no.	%	%	%
2003-04								
Zero to less than \$50k	411 893	76 792	49 003	439 682	27 789	6.8	18.6	11.9
\$50k to less than \$200k	721 919	142 607	127 499	737 027	15 108	2.1	19.8	17.7
\$200k to less than \$2m	610 886	91 186	91 155	610 917	31	—	14.9	14.9
\$2m or more	124 271	15 350	16 340	123 281	-990	-0.8	12.4	13.2
Total	1 868 969	325 935	283 997	1 910 907	41 938	2.2	17.4	15.2
2004-05								
Zero to less than \$50k	439 682	80 872	64 376	456 178	16 496	3.8	18.4	14.6
\$50k to less than \$200k	737 027	137 355	140 840	733 542	-3 485	-0.5	18.6	19.1
\$200k to less than \$2m	610 917	88 706	75 053	624 570	13 653	2.2	14.5	12.3
\$2m or more	123 281	15 467	13 950	124 798	1 517	1.2	12.6	11.3
Total	1 910 907	322 400	294 219	1 939 088	28 181	1.5	16.9	15.4
2005-06								
Zero to less than \$50k	456 178	84 692	62 101	478 769	22 591	5.0	18.6	13.6
\$50k to less than \$200k	733 542	131 681	135 536	729 687	-3 855	-0.5	18.0	18.5
\$200k to less than \$2m	624 570	84 435	78 449	630 556	5 986	1.0	13.5	12.6
\$2m or more	124 798	13 770	13 673	124 895	97	0.1	11.0	11.0
Total	1 939 088	314 578	289 759	1 963 907	24 819	1.3	16.2	14.9
2006-07								
Zero to less than \$50k	478 769	100 994	78 296	501 467	22 698	4.7	21.1	16.4
\$50k to less than \$200k	729 687	134 807	122 206	742 288	12 601	1.7	18.5	16.8
\$200k to less than \$2m	630 556	89 035	73 133	646 458	15 902	2.5	14.1	11.6
\$2m or more	124 895	9 853	13 191	121 557	-3 338	-2.7	7.9	10.6
Total	1 963 907	334 689	286 826	2 011 770	47 863	2.4	17.0	14.6

— nil or rounded to zero (including null cells)

(a) Turnover is based on last reported information - see paragraphs 21-25 and 50-55 of the Explanatory Notes.

17

SURVIVAL OF BUSINESSES BY ANNUAL TURNOVER SIZE RANGES (a): June 2003 - June 2007

	<i>Operating in June 2003</i>	<i>Survived to June 2004</i>	<i>Survival rate</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%	no.	%
Zero to less than \$50k	411 893	362 890	88.1	312 915	76.0	276 188	67.1	238 515	57.9
\$50k to less than \$200k	721 919	594 420	82.3	496 238	68.7	430 699	59.7	384 095	53.2
\$200k to less than \$2m	610 886	519 731	85.1	464 362	76.0	417 525	68.4	385 089	63.0
\$2m or more	124 271	107 931	86.9	97 508	78.5	89 853	72.3	84 164	67.7
Total	1 868 969	1 584 972	84.8	1 371 023	73.4	1 214 265	65.0	1 091 863	58.4

(a) Turnover is based on last reported information - see paragraphs 21-25 and 50-55 of the Explanatory Notes.

18

SURVIVAL OF ENTRIES BY ANNUAL TURNOVER SIZE RANGES (a): June 2003 - June 2007

	<i>Entries in 2003-04</i>	<i>Survived to June 2005</i>	<i>Survival rate</i>	<i>Survived to June 2006</i>	<i>Survival rate</i>	<i>Survived to June 2007</i>	<i>Survival rate</i>
	no.	no.	%	no.	%	no.	%
Zero to \$50k	76 792	62 391	81.3	50 136	65.3	40 097	52.2
\$50k to less than \$200k	142 607	99 949	70.1	71 342	50.0	58 371	40.9
\$200k to less than \$2m	91 186	71 502	78.4	58 975	64.7	51 520	56.5
\$2m or more	15 350	11 823	77.0	9 668	63.0	8 513	55.5
Total	325 935	245 665	75.4	190 121	58.3	158 501	48.6

(a) Turnover is based on last reported information - see paragraphs 21-25 and 50-55 of the Explanatory Notes.

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents counts of businesses based on snapshots of actively trading businesses as at June 2003, 2004, 2005, 2006 and 2007 from the Australian Bureau of Statistics Business Register. This publication contains counts and rates of business entries and exits from the Australian economy as well as counts and rates pertaining to the survival of businesses.

2 This publication harmonises two previous publications; *Australian Bureau of Statistics Business Register, Counts of Businesses* (cat. no. 8161.0.55.001) and *Experimental Estimates, Entries and Exits of Business Entities, Australia* (cat. no. 8160.0.55.001). Those releases used different data sources and definitions.

3 The scope of *Counts of Australian Businesses, including Entries and Exits* (cat. no. 8165.0) is significantly different compared with the scope of all other previous ABS business counts releases. This release only includes businesses which actively traded in goods or services during the reference period in question.

DATA SOURCE

4 Most businesses in Australia need to obtain an Australian Business Number (ABN). These businesses are then included on the whole-of-government register of businesses, the Australian Business Register (ABR), which is maintained by the Australian Taxation Office (ATO). Information about the ABR can be obtained from the ATO web site <www.ato.gov.au/business>. The ABS uses information from the ABR to populate its internal register of businesses, the Australian Bureau of Statistics Business Register (ABSBR), which is used as a source for business survey frames and business counts.

5 Prior to July 1 2007, businesses with turnover of at least \$50,000 per annum (\$100,000 in the case of non-profit organisations) were required to register for an ABN and remit GST. Businesses with turnover under \$50,000 were able to voluntarily register and these voluntarily-registered businesses are included in the counts in this release.

6 It should be noted that from July 1 2007, the thresholds to register for an ABN and remit GST were revised to \$75,000 per annum for businesses (and \$150,000 in the case of non-profit organisations). While this change does not impact on this release it will be applied for future releases. For further information, please refer to the Appendix.

STATISTICAL UNIT

7 In mid 2002, the ABS commenced sourcing its register information from the ABR and at that time changed its business register to a two population model. The two populations comprise what is called the Australian Tax Office maintained population (ATOMP) and the Australian Bureau of Statistics maintained population (ABSMP). The main distinction between businesses in the two populations relates to the complexity of the business structure and the degree of intervention required to reflect the business structure for statistical purposes.

8 The vast majority of businesses included on the ABS Business Register are in the ATOMP. Most of these businesses have simple structures and the unit registered for an ABN satisfies ABS statistical requirements. For these businesses, the ABS statistical units structure directly aligns with the ABN unit: one ABN equates to one business.

9 For a relatively small number of businesses, the ABN unit is not suitable for ABS economic statistics purposes and the ABS maintains its own units structure through direct contact with businesses. These businesses constitute the ABSMP. This population consists typically of large, complex and diverse groups of businesses. In the ABSMP, a type of activity unit (TAU) equates to one business.

10 The TAU is comprised of one or more business entities, sub-entities or branches of a business entity within an enterprise group that can report production and employment data for similar economic activities. When a minimum set of data items are available, a TAU is created which covers all the operations within an industry subdivision. Where a business cannot supply adequate information for each industry, a TAU is formed which contains activity in more than one industry subdivision. These TAUs are classified

EXPLANATORY NOTES *continued*

STATISTICAL UNIT *continued*

according to the industry subdivision of the main activity. TAUs may have operations in one or more states/territories.

11 The statistical unit referred to as a "business" thus consists of ABNs from the ATOMP and TAUs from the ABSMP.

INTERPRETATION OF UNITS

12 It is possible for a business entity to register for a single ABN regardless of the number of commercial activities it undertakes. Alternatively, multiple commercial activities of a single business enterprise may be registered for separate ABNs, depending on the legal structure adopted by the enterprise. Hence where commercial activities are carried out by a number of different, but related entities, each entity may register for a separate ABN. Therefore, caution should be used in equating the number of businesses, represented by ABNs (and TAUs) in this publication, with number of business operations.

SCOPE

13 Counts of businesses produced from the ABSBR comprise actively trading businesses in the Australian economy. Actively trading businesses are:

- TAUs from the ABSMP (where activity is monitored by direct contact by ABS); and
- ABNs from the ATOMP which are actively remitting in respect of a Goods and Services Tax Instalments Payer (GSTP) tax role. Limiting the scope to only businesses with a GSTP role means that only entities which are actively trading in goods or services are included.

14 The population includes employing and non-employing, single location and multiple location businesses.

15 Excluded from these counts are entities which are not considered to be actively trading in the market sector and as such are not considered to be businesses. These entities are classified to the following categories:

- Standard Institutional Sector Classification of Australia (SISCA):
 - 2100 Central Bank;
 - 3000 General Government;
 - 5000 Non-Profit Institutions Serving Households; and
 - 6000 Rest of the World.
- Type of Legal Organisation (TOLO):
 - 12 Charitable Institution;
 - 15 Social and Sporting Clubs;
 - 16 Trade Unions and Other Associations;
 - 20 Other Unincorporated Entity;
 - 41 Diplomatic or Trade Missions; and
 - 42 Other Foreign Government.
- ANZSIC Subdivision:
 - 96 Other Services; and
 - 97 Private Households Employing Staff.

16 The exclusion of General Government particularly impacts on data for Education and Health and Community Services (ANZSIC Divisions N and O, respectively).

17 Businesses which have not submitted a Business Activity Statement (BAS) and/or have reported zero dollar amounts over five consecutive quarters are treated as "long term non-remitters" (LTNRs). They are not actively remitting GST and, as such, they are considered not to be actively trading and are excluded from counts.

COVERAGE

18 There are businesses which have not registered for an ABN, either because they do not have any obligations under the Goods and Services Taxation (GST) legislation or are under the threshold for registration and have chosen not to register. However, these businesses have not been identified and quantified and so are not included in counts presented in this publication.

EXPLANATORY NOTES *continued*

COMPARABILITY WITH FRAMES FOR ABS BUSINESS SURVEYS

19 The basis for business counts in this release is broadly consistent with that used for frames in most ABS business surveys. There are two exceptions to this:

- The scope with regard to industry, sector or type of legal organisation can vary according to the requirements of the survey. In some cases, classifications excluded from these business counts are included in a survey frame in order to more comprehensively measure a particular part of the economy. Other survey frames may only include a subset of these classifications. Most frames currently include employing businesses only.
- Most survey frames include businesses with a tax role to withhold income tax from their employees (ITW role) but without a GST tax role. There are approximately 55,000 such businesses. Investigations indicate that units with an ITW role but no GST role are likely to be part of a complex business structure. Such businesses are excluded from these counts as they are not considered to be actively trading in goods and services. For business surveys designed to, amongst other things, provide estimates of wages and salaries paid (irrespective of whether the business is actively trading or not), it is important that these businesses are included on frames.

REFERENCE PERIOD

20 Counts of businesses provided in the Counts of Australian Businesses including Entries and Exits suite of products are based on snapshots of the ABSBR as at 1 June 2003, 1 June 2004, 1 June 2005, 1 June 2006 and 1 June 2007 and of changes and continuity between those periods.

BUSINESS LIFE CYCLE EVENTS

21 This release contains not only snapshots of counts of active businesses at regular points in time but also provides a disaggregation of these counts to enable the identification of the flows of businesses into and out of the economy and a measure of the length of time that businesses continue to survive.

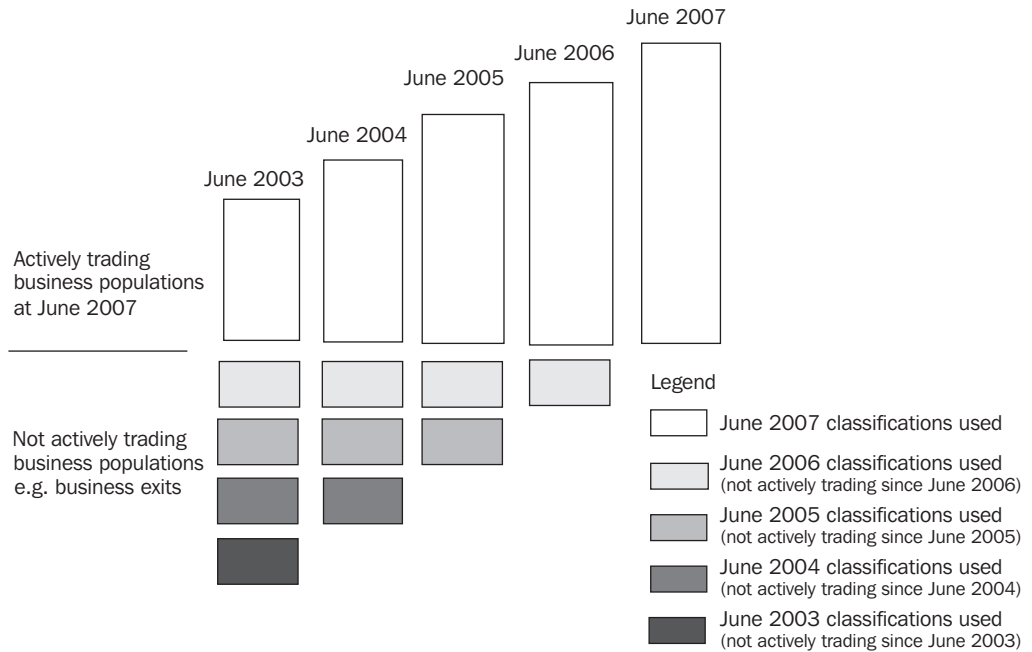
22 Business entry and exit counts are restricted to new or ceasing businesses. The counts do not include the establishment of new locations associated with an existing business.

23 Over the course of a business' life cycle it is possible that its characteristics such as industry or business legal structure may change. However, investigations show that the majority of such changes to characteristics on the ABSBR are the result of previous errors being corrected rather than real world change. For reasons of data comparability and interpretation (including ensuring that closing stock equals opening stock for the first day of the next financial year), changes over time to business characteristics are not reflected in this publication.

24 Counts of business entries, exits and stock for all referenced periods in this publication reflect the characteristics of the business as at June 2007. In the case of businesses which exited prior to June 2007 the latest available data is used. As is illustrated below, this is achieved by ensuring that the classifications attributed to each business are held constant at their June 2007 (or latest available) value.

EXPLANATORY NOTES *continued*

Holding classifications constant using the most recently available classification



BUSINESS LIFE CYCLE EVENTS *continued*

Entries

25 Note however that for more "fluid" classifications such as those which indicate turnover and employee sizes, a number of businesses could conceivably populate different categories over time. For example, a non-employed business with turnover of less than \$50K per annum, may in the space of the four years of the collection, grow to employ staff and generate a significantly greater amount of annual turnover. By using a consistent definition over time for each business, this compounding issue is avoided.

26 A business entry event is the registration of a new business for an ABN and the allocation of a GST role, or the allocation of a GST role to an existing ABN which previously did not have this role.

27 Included will be businesses which:

- have previously exited and subsequently recommenced activity under their original ABN and GST role; and
- had ceased remitting BAS for at least five successive quarters (LTNRs) but had recommenced remitting prior to the next reference period. All businesses falling into these groups will be recorded as business entries.

28 Thus, a business entry is defined as a business which is actively trading on the business register at 1 June in the reference year but was not actively trading at 1 June the previous year.

Exits

29 A business exit event is the cancellation of a business's ABN or GST role and/or when a business ceases to remit GST for at least five consecutive quarters in respect of that ABN.

30 Thus, a business exit is defined as a business which was actively trading on the business register at 1 June in the previous year but was not actively trading at 1 June in the reference year.

31 It is important to note that a business exit event does not necessarily equate to a business "failure". There may be a number of other reasons why a business exit event has occurred, including events relating to selling a business (e.g. due to an owner/operator retiring), and events relating to changes in a business's structure (e.g.

EXPLANATORY NOTES *continued*

Exits continued

due to merger or takeover activities), etc. Such activities may also result in one or more business exit events occurring.

Survivals

32 A surviving business is defined as a business which continues to be active on the ABSBR at 1 June and was also previously active. In this release, two types of survivors are recorded:

- Businesses who were on the ABSBR at 1 June 2003. Due to the changed basis of the ABSBR, the ABS has determined that it is not feasible to ascertain the age of these businesses. The survival of these businesses is measured in terms of whether they were still on the ABSBR at 1 June 2004, 2005, 2006 or 2007, respectively.
- Businesses who were entries in 2003-04. That is, they were not actively trading at 1 June 2003 but were on 1 June 2004. The survival of these businesses is measured in terms of whether they were still on the ABSBR at 1 June 2005, 2006 or 2007 respectively.

INTRA-YEAR ENTRIES AND EXITS

33 It is possible that a business can enter after 1 June in a given year and exit before 1 June in the following year. A small number of these instances occur in any given year. This release excludes those instances in order to assist interpretation of results.

DATA QUALITY

34 The counts in this publication may be subject to non-sampling error and the cyclical administrative workflows of the ATO may impact on data interpretability.

35 The counts are not subject to sampling error as they represent a complete enumeration of those 'economically active' businesses on the ABSBR.

36 For businesses in the ATOMP, most classificatory data items reflect information provided to the ATO at the time of ABN registration. The exception is Number of Payees, which is updated annually by the ATO, and turnover, which is based on BAS reporting. In the ABSMP, classificatory data items for the most significant businesses are updated annually. Businesses on the next level of significance are updated biennially. Other businesses in the ABSMP are not routinely updated, but may be updated as a result of ABS survey feedback or other maintenance activity.

37 It is possible that a small proportion of businesses identified as "long term non-remitters" and which are excluded from counts, are in fact still actively trading. It is expected that these units will be identified and re-included in counts as entries in subsequent periods when they recommence active remittance of GST.

38 There is also the possibility that in future the inclusion/exclusion status of specific groups of businesses may change in light of improved identification of business activity. Counts are also subject to revision due to review and correction of classificatory information.

LIKELY SOURCES OF ERROR IN THE COUNTS IN THIS RELEASE AND FUTURE DEVELOPMENTS

39 The counts in this release are intended to provide an accurate measure of actively trading businesses. That is, the businesses are all producing or distributing goods or providing services (defined by a GST role) and are active (defined as having remitted GST obligations within the past five quarters).

40 There are, however, three sources of error which mean that these counts are not a perfect measure of the number of actively trading businesses at any point in time:

Businesses with low turnover

41 Prior to July 1 2007, businesses with turnover of at least \$50,000 per annum (\$100,000 in the case of non-profit organisations) were required to register for an ABN and remit GST. Businesses with turnover under \$50,000 were able to voluntarily register and these voluntarily-registered businesses are included in the counts in this release. There are certainly, however, businesses that are actively trading with turnover of less than \$50,000 which chose not to register for an ABN or remit GST. The number of businesses in this category is currently unknown to the ABS. The ABS will continue to

EXPLANATORY NOTES *continued*

*Businesses with low turnover
continued*

explore alternative data sources to ascertain whether these businesses can be accurately recorded.

42 It should be noted that from July 1 2007, the thresholds to register for an ABN and remit GST were revised to \$75,000 per annum for businesses (and \$150,000 in the case of non-profit organisations). While this change does not impact on this release, it will be applied for future releases. However, the ABS believes that these revisions are not expected to impact significantly on the number of businesses which fall under the thresholds but choose to register for an ABN and remit GST.

*Businesses which have
recently ceased trading*

43 An analysis of recent ABS surveys indicates that a proportion of businesses which have remitted GST within the most recent five quarters of the end of the reference period had in fact ceased operation by the end of the reference period. The exclusion of LTNRs from the counts in this release thus excludes the majority of but not all businesses who have ceased trading. It is proposed that investigations be undertaken in order to ascertain whether it is possible to identify these businesses using either existing data sources or alternative data sources.

*Businesses which appeared to
have ceased trading but are
likely to be active*

44 Conversely, investigations show that a relatively small proportion (15% on average) of businesses identified as LTNRs at a point in time (and thus excluded from these counts) recommence remitting at a later date. At this stage, it is not clear whether these businesses were not active during the period (in which case their exclusion provides an accurate count) or were actively trading but failing to remit their GST obligations (in which case they were incorrectly excluded). It is proposed that investigations be undertaken into this group of units.

45 The ABS believes that the above sources of error are likely to have a relatively small impact on the accuracy of the business counts contained in this release.

A COMPREHENSIVE COUNT
OF ALL ECONOMICALLY
ACTIVE ENTITIES

46 Ideally, the ABS would capture all economically active entities in Australia. These would then be split by actively trading businesses and other entities. The inclusion of businesses registered for an ABN and with asset holdings and consequent income flows but which did not trade in goods or services was an attempt, in part, to provide this more comprehensive view.

47 However, it is not possible to accurately capture all such entities at this stage as there are a number of options open to these entities with regard to registration or participation in the tax system. Using existing data sources, only partial coverage of these entities is possible and it is not possible to quantify the extent of this partial coverage.

48 The ABS will continue to investigate whether more comprehensive coverage of these businesses is possible.

49 Until such time, counts of businesses produced by the ABS will be restricted to businesses which are actively trading in goods or services. This will also continue to be the basis of the frames used in ABS business surveys.

BUSINESS SIZE

50 The sizing classifications presented in this release are based on employment and turnover reported by businesses.

51 Employing units are defined as:

- in the ATOMP, businesses with a non-cancelled ITW role and which have remitted to the ATO at least once in the preceding five quarters. Note that this may include a small number of businesses which have ITW roles for purposes other than withholding amounts from wages and salaries, and as such have zero employment;
- in the ABSMP, businesses with greater than zero employees.

EXPLANATORY NOTES *continued*

BUSINESS SIZE *continued*

52 The quantification of employment differs depending on the ABSBR population in which the business resides:

- in the ATOMP, businesses report "number of payees", defined as the estimated number of individuals to whom payments are made. This will reflect the total number of persons employed by the business throughout the year rather than an estimate of current employees at a point in time. Payments to people under a voluntary agreement or labour hire arrangement are excluded;
- in the ABSMP, businesses report "employment" defined as the number of persons who work for a public or private employer and receive remuneration in wages or salaries (including working proprietors and working partners), or is paid a retainer fee by his/her employer. Employment excludes non-salaried directors; volunteers; persons paid by commission only; and self employed persons such as consultants and contractors. This data are collected through direct contact with ABSMP businesses and reflects an estimate of current employees at a point in time.

53 Turnover is based on data reported to the ATO through BAS and includes imputation for missing periods. For businesses in the ABSMP, turnover reported on BAS for ABNs is apportioned to the relevant TAUs.

Imputation of turnover values for 2003-04 business exits

54 Turnover has only been properly estimated for businesses who were on the ABSBR from 1 June 2004. As noted in Paragraph 24, the classifications attributed to each business are held constant at their June 2007 value (where available) or, in the event of 2007 values not being available, the latest available values are used.

55 A different approach has therefore been required for businesses who were present at 1 June 2003 but who exited before 1 June 2004. For most of these businesses, auxiliary information such as employment has allowed imputation of sufficient quality for the purposes of these turnover size ranges. For a small number of businesses, no such auxiliary information was available and so these businesses have been classified at random in accordance with the distribution of businesses which were operating at the start of the 2003-04 financial year. As such, comparisons between years of exits by turnover size should be treated with caution.

Redistribution of June 2006-07 business entries

56 The imputation technique described above assigns turnover ranges to businesses missing turnover data. However, as part of preliminary table development work, there was found to be a significant population of 2007 business entries (approximately 50,000 units) for whom no previous annual turnover data was available. To address this concern, these units were redistributed in accordance with the general distribution of the stock count of businesses by turnover size ranges as at June 2006.

MAIN STATE

57 Businesses can operate in more than one State/Territory. For businesses in the ATOMP, Main State is derived from the main business address. For businesses in the ABSMP, Main State is the State or Territory with the highest employment. Therefore, for some businesses in the ABSMP, Main State is not necessarily the State or Territory of the main business address.

INDUSTRY

58 Each ABN unit or TAU on the ABSBR has been classified (by the ATO and the ABS respectively) to a single industry class, irrespective of any diversity of activities undertaken. The industry class allocated is the one which provides the main source of income, which is generally based on a description provided by the business.

STATISTICAL LOCAL AREA

59 The Statistical Local Area (SLA) is a general purpose spatial unit. It is the base spatial unit used to collect and disseminate statistics other than those collected from the Population Censuses. In census years, an SLA consists of one or more whole Collection Districts (CDs). In aggregate, SLAs cover the whole of Australia without gaps or overlaps.

EXPLANATORY NOTES *continued*

STATISTICAL LOCAL AREA

continued

60 SLAs are based on the boundaries of incorporated bodies of local government where these exist. These bodies are the Local Government Councils and the geographical areas which they administer are known as Local Government Areas (LGAs). An LGA is an SLA if it fits entirely within an Statistical Subdivision (SSD) and is broadly similar in size, economic significance and user needs for statistics to other LGAs in Australia.

61 Sub-State level datacubes have been released for the first time using SLA. The SLA datacubes will replace the postcode-based data made available in February 2007. It is expected that future releases of Counts of Australian Businesses, including Entries and Exits will continue to provide sub-State level data using the SLA classification.

62 One of the main advantages of the SLA data over the previously published postcode data is that the SLA categories used in the aforementioned datacubes can be easily used to aggregate data to larger geographical areas, including Statistical Subdivisions, Statistical Divisions, and States/Territories, as part of the ASGC. For more information, users should refer to the *Australian Standard Geographical Classification (ASGC)* (cat. no. 1216.0).

63 It should be noted that it is not currently possible to account for those businesses which operate out of multiple locations, other than at their main location. This is particularly relevant for larger businesses, which commonly establish outlets in numerous States and regions across Australia. The reason for this is that data pertaining to individual business locations are not currently available from the ABSBR. Users should therefore be aware of this limitation when using counts of businesses included in this publication.

CONFIDENTIALITY

64 The data presented in the various cross-classified datacubes have been confidentialised to ensure no individual business can be identified. The confidentialising process applied maximises the availability of data without introducing any bias to the estimates.

65 The confidentiality process used in this release differs slightly from the process used in the previous release. The new process involves the random rounding of data at the most detailed levels of the various classifications used.

66 The introduction of this new process has resulted in data from the previous release being slightly refined. At the broadest level, the revisions to the data have been minimal. Users however should be aware that at more detailed levels, the new confidentiality process will have greater impact.

67 The new confidentiality process used in this release also means that data presented at these detailed levels will not always be additive. That is, opening stock from the beginning of the financial year, plus entries, minus exits, may not be equal the closing stock for the end of the financial year.

68 It is proposed to review the current confidentiality process in the future to improve the additivity of data presented at detailed (datacube) levels.

COMPARISON WITH OTHER BUSINESS COUNTS DATA

69 Estimates of the number of businesses operating in the Australian economy may be derived from a number of sources within the ABS or from non-ABS sources. They may relate to a point in time, or may be average annual data. These estimates will not always show the same results. Variations occur because of the differing data sources, differing definitions of a business, differing scope and coverage between surveys, as well as variations due to sampling and non-sampling errors.

70 The definition of employing/non-employing in the ABS can also vary according to collection methodology, data sources, and user requirements and uses.

EXPLANATORY NOTES *continued*

COMPARISON WITH OTHER BUSINESS COUNTS DATA *continued*

71 Users comparing data from this publication with other ABS data should do so with care, as some other ABS publications may exclude non-employed businesses or particular industries or sectors.

72 Counts of businesses included in this publication are not comparable with those provided in *Australian Bureau of Statistics Business Register, Counts of Businesses* (cat. no. 8161.0.55.001, 002 and 003) due to differences in the scope of units included. The primary scope difference between this publication and 8161.0.55.001 is that the latter included all businesses with any one or more non-cancelled tax role. These roles included GST, ITW and ITIP. The scope of counts in this publication only includes businesses which are actively remitting GST. Therefore, entities with only an ITIP or ITW tax role, or which have not remitted GST in the previous five quarters are excluded from the counts on the basis that these are not actively trading businesses.

73 Counts of business entries and exits included in this publication are not comparable with those previously released in *Experimental Estimates, Entries and Exits of Business Entities* (cat. no. 8160.0.55.001). Previous estimates were based on registered ABN units only, not on businesses as defined by the ABS (see Paragraph 7 (Statistical Unit)). Included were all units with any non-cancelled tax role. In addition, cat. no. 8160.0.55.001 separately identified reactivated business entities. A "reactivation" was a previously identified exit that had subsequently revived its ABN and tax role(s). These reactivated business entities were not considered business entries but were included in stock estimates. In this publication "reactivated" businesses have been included in entry counts in the period in which their ABN again became active and they recommenced remitting GST.

74 For further details see the Explanatory Notes section of the relevant publications.

ADDITIONAL DATA

75 Further detailed data are available through datacubes which will accompany the release of this publication through www.abs.gov.au. These datacubes include detailed cross-classified information using industry, geographical and business size dimensions.

ABS DATA AVAILABLE ON REQUEST

76 As well as the statistics included in this and related publications, the ABS may have other relevant data available on request and for a charge. Inquiries should be made to the ABS National Information and Referral Service on 1300 135 070.

77 Information is also available on-line via a selection of industry-specific theme pages. To access these theme pages, go to the ABS web site home page <www.abs.gov.au>, open the Industry link shown under 'Themes' (located in the left-side navigator), then select one of the links shown under 'Industry'.

ABBREVIATIONS

\$k	thousand dollars
\$m	million dollars
ABN	Australian Business Number
ABR	Australian Business Register
ABS	Australian Bureau of Statistics
ABSBR	Australian Bureau of Statistics Business Register
ABSMP	Australian Bureau of Statistics maintained population
ANZSIC	Australian and New Zealand Standard Industrial Classification
ATO	Australian Taxation Office
ATOMP	Australian Taxation Office maintained population
BAS	Business Activity Statement
GST	goods and services tax
GSTP	goods and services tax payer

EXPLANATORY NOTES *continued*

ITIP	income tax instalment payer
ITW	income tax withholding
no.	number
SISCA	Standard Institutional Sector Classification of Australia
SLA	statistical local area
TAU	type of activity unit
TOLO	Type of Legal Organisation

APPENDIX ABS BUSINESS COUNTS

INTRODUCTION

The ABS has been producing business counts for many years, either as direct counts of businesses, as by-product from survey processing, or as a combination of the two.

Over time, the scope and coverage of businesses included in these counts has changed significantly.

Counts included in this release are a relevant source for users interested in understanding the number of businesses actively producing or distributing goods or providing services in the Australian economy. Nevertheless, these counts are still subject to error, mainly due to difficulties in accurately identifying when businesses have ceased trading. While the ABS will retain the conceptual basis of these counts in future releases, continuing refinements will be made in an effort to reduce these errors. The Explanatory Notes discusses the errors in these counts and ABS plans to reduce these errors.

COUNTS FROM THE ABS BUSINESS REGISTER PRIOR TO 2002

The ABS has maintained an integrated business register (the ABSBR) since the development phase of the first Integrated Economic Censuses conducted in respect of 1968-69.

From the amendment of the *Income Tax Assessment Act* in 1986 until 2002, this was primarily sourced from Group Employer (GE) registrations with the Australian Taxation Office (the ATO). When a business commenced employing staff, a GE registration was required to enable the business to deduct income tax from its employees.

No comprehensive register of non-employing businesses was maintained by any government organisation and the ABS did not seek to create such a register.

As such, any business counts produced from the ABSBR prior to 2002 included employing businesses only.

A further short-coming in these counts was that proper recording of businesses which had commenced, ceased or continued operation did not occur consistently over time. For example, a units survey in 1991 identified a significant number of businesses which had previously been included on the ABSBR but had ceased operation. These businesses were subsequently removed from the ABSBR. In 1996, a survey of businesses which had been removed as a result of feedback from survey processing identified a significant number of businesses which were in fact still operating.

In both these cases and other in similar instances over time, ABS economic statistics were backcast to adjust for these effects over time.

COUNTS INCLUDED IN SMALL BUSINESS IN AUSTRALIA

The ABS first released *Small Business in Australia* (cat no 1321.0) in 1988. This compendium release included a range of statistics about small businesses.

Non-employing businesses (such as self-employed tradespeople) are a significant component of the small business sector. As such, it was important to include both counts and characteristics of these in *Small Business in Australia*.

These counts were derived from the monthly Labour Force Survey (LFS) and were progressively updated until the final issue of *Small Business in Australia* in 2001. To produce a comprehensive count of small businesses, the LFS-sourced counts of non-employers were added to counts of employing businesses sourced from the Survey of Employment and Earnings (which used the ABSBR as a frame). The counts of small businesses stood at approximately 1.2 million in 2001.

The counts of non-employing businesses were almost certainly significantly understated for two reasons:

- those counts did not fully capture businesses operated by people whose predominant labour force status was other than a small business operator; and
- those counts did not fully capture multiple businesses owned by one operator. It has not been possible to accurately quantify this understatement.

APPENDIX ABS BUSINESS COUNTS *continued*

COUNTS RELEASED IN 2005

From 2002, the ABS changed the basis of the ABSBR from GE registrations to ABN registrations sourced from the Australian Business Register (ABR). From the introduction of the new tax system in July 2000, businesses required to remit GST, deduct income tax from employees or to participate in several other aspects of the tax system were required to register for an ABN on the Australian Business Register.

The ABS released experimental estimates of business entries and exits and the first counts from the ABR-based ABSBR in 2005.

The release of *Australian Bureau of Statistics Business Register, Counts of Businesses* (cat. no. 8161.0.55.001) in October 2005 showed 3.0 million businesses operating as at June 2004, 2.9 million of which were small businesses.

These counts significantly overstated the number of businesses actively producing or distributing goods or providing services in the Australian economy for two reasons:

- they included businesses which did not have a GST role and whose only tax role was to enable the payment of Income Tax Instalment Provisions. Subsequent investigations indicate that these entities tend to be investment vehicles rather than trading businesses; and
- they also included businesses with a GST role but which had not remitted GST obligations for at least five successive quarters. These businesses have been termed "long-term non-remitters" (LTNRs). Subsequent investigations indicate that the majority of these businesses were no longer active.

Both categories of businesses, which in combination (noting some overlap) contributed over 1 million to these previously-released counts, have been excluded from the counts in this release.

COUNTS PRODUCED FROM ABS BUSINESS SURVEYS

Since 1968, several ABS business surveys, using the ABSBR to provide a survey frame, produced counts of businesses as by-product from survey processing.

These counts were consistent with business counts sourced directly from the ABSBR except they were adjusted to account for businesses identified in survey processing as no longer operating. However, the scope of these counts aligned with the scope of the respective surveys.

GLOSSARY

Australian Business Number (ABN)	<p>The ABN is a unique business entity identifier introduced to assist with dealing with the Australian government. An entity is entitled to an ABN if it meets one of the following criteria:</p> <ul style="list-style-type: none">■ carrying on an enterprise in Australia or in the course of furtherance of carrying on an enterprise, you make supplies that are connected with Australia;■ a Corporations Act Company;■ a Government entity, a non-profit sub-entity or a superannuation fund as if it were an entity carrying on an enterprise in Australia; or■ a religious practitioner. <p>The ABN is the statistical unit used to represent businesses, and for which statistics are reported, in most cases. The ABN unit is the business unit which has registered for an ABN, and thus appears on the Australian Tax Office (ATO) administered ABR. In most cases, the ABN unit represents the legal entity. This unit is suitable for ABS statistical needs when the business is simple in structure. For more significant and diverse businesses where the ABN unit is not suitable for ABS statistical needs, the statistical unit used is the Type of Activity Unit (TAU).</p>
Australian Bureau of Statistics Business Register (ABSBR)	<p>The ABSBR is a register of all Australian businesses and contains identifying and classificatory data for each business. Information to populate the register is largely sourced from the ABR. The ABSBR is used as a source for survey frames and counts.</p> <p>The ABSBR consists of two sub-populations, the Australian Bureau of Statistics maintained population (ABSMP) and the Australian Tax Office maintained population (ATOMP). The ABSBR uses an economic statistics unit model to describe the characteristics of businesses and the structural relationships between related businesses. For details, refer to paragraphs 7 to 11 of the Explanatory Notes.</p>
Business	<p>The statistical unit referred to as a "business" consists of ABNs from the ATOMP and TAUs from the ABSMP.</p>
Business Entry	<p>A business which has newly registered for an ABN and which has a GST role allocated. Business entry rates are calculated by taking the total business entries during a financial year divided by the total businesses operating at the start of the financial year, multiplied by 100.</p>
Business Exit	<p>A business for which the ABN or GST role has been cancelled and/or which has ceased to remit GST for at least five consecutive quarters. Business exit rates are calculated by taking the total business exits during the financial year divided by the total businesses operating at the start of the financial year, multiplied by 100.</p> <p>It should be noted that a business exit event does not necessarily equate to a business "failure". For details, refer to paragraph 31 of the Explanatory Notes.</p>
Business Survivor	<p>A business which was actively trading in year xx and continued to be trading in year xx+n.</p>
Closing stock	<p>The count of businesses operating at the end of the financial year.</p>
Employment size ranges	<p>For the purposes of the Counts of Australian Businesses including Entries and Exits publication, businesses are categorised as:</p> <ul style="list-style-type: none">■ employing businesses:<ul style="list-style-type: none">■ employment of 200 or more persons ("large employing businesses");■ employment of 20 to fewer than 200 persons ("medium employing businesses");■ employment of fewer than 20 persons ("small employing businesses"); or■ non-employing businesses. <p>In the ATOMP, businesses with an active ITW role are considered to be employing, resulting in some employing businesses having zero employment.</p>

GLOSSARY *continued*

Employment size ranges <i>continued</i>	Employing businesses in the ATOMP that have not remitted Business Activity Statement (BAS) data for their ITW role for five consecutive quarters prior to the reference period are deemed to be long term non-remitters. These businesses are counted as non-employing businesses.
Industry (ANZSIC)	Businesses have been classified according to their description of activities. Businesses are coded to industries in the Australian and New Zealand Standard Industrial Classification 1993 (ANZSIC93) which is a classification system for grouping producing businesses (of both goods and services) in Australia and New Zealand to permit comparability of data. Within ANZSIC, there is a structure comprising four levels ranging from industry division (broadest level) to the industry class (finest level). For more information, users should refer to the <i>Australian and New Zealand Standard Industrial Classification 1993</i> (cat. no. 1292.0).
Industry class	At the industry class level, the activities of businesses are narrowly defined and recognised by a four-digit code, (e.g. Industry Class 2331 for Pulp, Paper and Paperboard Manufacturing).
Industry division	The main purpose of the industry division level is to provide a limited number of categories which give a broad overall picture of the economy. There are 17 divisions within ANZSIC93 each identified by an alphabetical letter, that is, 'A' for Agriculture, Forestry and Fishing, 'B' for Mining, 'C' for Manufacturing, etc.
Industry group	This is the intermediate level within an industry division of ANZSIC and is recognised by a three-digit code, (e.g. Industry Group 233 for Paper and Paper Product Manufacturing). It gives more detail than the industry subdivision and is created in a way that groups like industry classes together.
Industry subdivision	This is the broadest level category within an industry division of ANZSIC and is recognised by a two-digit code, (e.g. Industry Subdivision 23 for Wood and Paper Product Manufacturing). Industry subdivisions are built up from industry groups which, in turn, are built up from industry classes.
Main business address	The main business address of a business relates to the physical address where the main business activity takes place. The individual addresses of businesses with multiple locations are not available.
Main State	For businesses in the ATOMP, Main State refers to the state or territory of the main business address. For businesses in the ABSMP, Main State refers to the state or territory with the highest employment.
Multi-State	Refers to those businesses which operate from locations in more than one state or territory.
Non-employing business	A business without an active ITW role or which has not remitted ITW for five consecutive quarters.
Opening stock	The count of businesses operating at the beginning of the financial year.
Single-State	Refers to a business which operates from locations in only one state or territory.
Standard Institutional Sector Classification of Australia (SISCA)	The SISCA is the central classification among ABS' Standard Economic Sector Classifications. It is based on the System of National Accounts 1993 (SNA93) institutional sector classification, and includes the following sectors: non-financial corporations, financial corporations, general government, households, non-profit institutions serving households, and rest of the world (which includes only non-resident units, these being excluded from all other sectors). For more information, users should refer to the <i>Standard Economic Sector Classifications of Australia (SESCA)</i> (cat. no. 1218.0).
Statistical Local Area	The Statistical Local Area (SLA) is a general purpose spatial unit. It is the base spatial unit used to collect and disseminate statistics other than those collected from the Population Censuses. In non-census years, the SLA is the smallest unit defined in the Australian Standard Geographical Classification (ASGC). In census years, an SLA consists of one or

GLOSSARY *continued*

Statistical Local Area <i>continued</i>	<p>more whole Collection Districts (CDs). In aggregate, SLAs cover the whole of Australia without gaps or overlaps.</p> <p>SLAs are based on the boundaries of incorporated bodies of local government where these exist. These bodies are the Local Government Councils and the geographical areas which they administer are known as Local Government Areas (LGAs). An LGA is an SLA if it fits entirely within an Statistical Subdivision (SSD) and is broadly similar in size, economic significance and user needs for statistics to other LGAs in Australia.</p>
Turnover	<p>The total revenue generated by a business from the provision of goods and services for a given accounting period.</p>
Type of Activity Unit (TAU)	<p>The TAU, residing in the ABSMP, is comprised of one or more business entities, sub-entities or branches of a business entity within an enterprise group that can report production and employment data for similar economic activities when a minimum set of data items are available. For further information, refer to paragraphs 9-10 of the Explanatory Notes.</p>
Type of Legal Organisation (TOLO)	<p>All legal entities on the ABSBR are classified according to their TOLO. Examples of types of legal entities recognised for statistical purposes are companies, partnerships, trusts, sole proprietorship, government departments and statutory authorities. TOLO indicates whether a business is part of the private or government sector and the type of ownership structure it has.</p>

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