

Xero Boss Insights 2021

Small business and sole traders in the new world

A report by The Demographics Group, with commentary by Bernard Salt, for Xero



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Foreword to Boss Insights 2021

⦿ Gearing up for the digital overdrive: the rise of the self-employed



Trent Innes

Managing Director, Xero Australia & Asia

It's hard to believe that when we launched our first Boss Insights report back in February 2020, the word 'pandemic' had barely entered our collective vocabulary. Inside, we spoke of the great Australian dream of becoming your own boss, the ease of working from the cloud, and the regional hubs leading the charge. Since then, the arrival of COVID-19 has changed the way we live and work for good.

Despite the challenges that 2020 brought, our latest research shows Australia has yet again proven to be an overwhelmingly resilient nation. And while many businesses had no choice but to shed staff or close their doors, a host of Aussies were prompted to take the leap to self-employment. All of which goes to show that, while the ripple effects will undoubtedly be felt for some time, it takes more than a pandemic to dampen our entrepreneurial spirit.

Where our first report examined over 30 years of data to uncover where opportunity lies for small businesses, this edition focuses solely on 2020 – such are the requirements of a year like no other.

Interestingly, a number of the patterns that we previously highlighted – growth in business ownership (albeit, this time strictly solo), increased use of technology, and the rise of the regions – have come back stronger in Boss Insights 2021.

Why? We know that periods of economic downturn often speed up the arrival of new trends, and in 2020 the acceleration of digitisation went into overdrive.

Technology may have already allowed us to work anytime, from anywhere, but many were limited by inflexible schedules and office commutes. Then, seemingly overnight, 4.3 million Australians found themselves working from home.

In turn, some discovered that the economic uncertainty that sadly caused them to lose their jobs, had also brought about new potential. Various industries not only weathered the pandemic, but grew considerably. From couriers to accountants, solicitors to IT and healthcare workers; there continue to be countless new opportunities to be found.

And while others struggled, with many small to large businesses adapting and decreasing in size, we saw sole trader businesses increase over the 2019/2020 financial year. Suddenly, people everywhere from Mickleham to Maitland had the freedom (and incentive) to start something of their own. It is these brave souls, who launched into self employment, who are helping carry our country forward.

Now more than ever, our future lies with the smallest of businesses. As unemployment numbers steadily draw closer to pre-COVID levels (and struggling industries work to recover), it's time to support Australia's newest bosses as they grow to take on their first employees. This is why Xero is committed to bettering the lives of people in small business, their advisors and communities around the world – all so we can keep moving forward together, step by step.

Trent Innes

Managing Director
Xero Australia & Asia

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Preface: Author's note



Bernard Salt
Executive Director, The Demographics Group

But what a story it tells and especially this year, the COVID-19 year, the year ending June 2020. For part of this year there was pain and suffering but there was also survival and hope.

This report focuses on the latter while acknowledging the former. The overwhelming observation of this report, of the data tables, the maps, the charts, is that a great change is underway. Gone is the surety of business success in construction and hospitality. New sectors have sprung into life like agribusiness and – perhaps next year this will be realised – manufacturing. Australian business has pivoted; some businesses have shed labour and reverted to the slimmed-down security of the sole trader; others have found opportunity in the oddest of places.

Towns like Ulverstone, Maitland, Orange and Bendigo have reached national prominence with their sheer entrepreneurial aspirations and drive. Business in these regional places will not be silenced or cowed. That's what I love about the dry Business Count report produced by the Australian Bureau of Statistics: sure it tells stories of Australian business but it also tells stories of resilience and determination.

Australia has come through the coronavirus pandemic better than most, partly perhaps because we're an island continent but also because we quickly learned how to adapt: we complied, we worked together, we did what was necessary to survive. And in many respects these are the themes that run through the Business Count report.

Small business adapted, trimmed down, switched to pilot-light status and in doing so boosted and perhaps even supercharged sole traders, creating an entrepreneurial reserve that will surely spring into life when the time is right. Perhaps what we need to aid and to assist the recovery process is to give Australia's 1.5 million sole traders the confidence to take on an apprentice, to employ workers, to scale up the business, and to be part of Australia's brave new post-COVID entrepreneurial world.

Bernard Salt
Executive Director
The Demographics Group

© Sole trader surge

It's a story that speaks to the heart and soul of the Australian nation. It's the story of small business. It's told every year in a rather dry and dusty report called Business Count.

About this report

The Xero Boss Insights series of reports are intended to provide information, to anyone who wants to, or has already, started their own business.

Xero commissioned The Demographics Group to assist with this project, by researching, writing and promoting a report on broad themes concerning the current and future state of Australia's workforce, and to identify opportunities for small business. This report is the output of this project, prepared for Xero by The Demographics Group.

This report series is separate to the Xero Small Business Insights (XSBI) program. The XSBI program provides analysis on the sector's health, with its metrics based on anonymised, aggregated data drawn from hundreds of thousands of Xero subscribers. For the latest XSBI analysis, head to xero.com/small-business-insights/

DEFINITIONS

This report defines businesses as:

- **sole traders** – who have no employees
- **microbusinesses** – those which employ between one and four workers
- **small businesses** – which have up to 19 employees

DATA SOURCES

The data in this report is sourced primarily from the Australian Bureau of Statistics (ABS). It draws on the following data sets:

1. [ABS 8165 Counts of Australian Businesses, including Entries and Exits](#) for the period to 30 June 2020, released 16-02-2021. This is an annually updated data set that allows us to locate Australian businesses geographically and by industry.

2. [ABS 6291 Labour Force Survey](#) for the period February to November 2020, released 26-03-2021.

3. [ABS 3105 Historical population](#), released 18-04-2019.

4. [ABS 5206 Australian national accounts: National income, expenditure and product](#), released 03-03-2021.

5. [ABS 3101 National, state and territory population](#) September 2020, released 18-03-2021.

6. [ABS 3222 Population projections](#), released 22-11-2018.

7. [Australian Federal Budget 2020](#)

Introduction: We can be optimistic about Australia's future

The annual Business Count data set produced by the Australian Bureau of Statistics receives scant attention when it's released in February each year. I suspect the reason is that the amount of data is huge, which means that it requires intense scrutiny to identify the latest trends in Australian business.

In this report commissioned by Xero, I look at the effects of the coronavirus on Australian business as at June 2020, just four months after the first wave of lockdowns. Despite the early introduction of the JobKeeper and JobSeeker programs, there is evidence of serious and significant impact.

In the years leading up to the pandemic, and especially following the end of the mining boom, the story of Australian business was consistent. Jobs and business opportunities were in areas of strong population growth. The inner city and the CBD were the centre of new business formation, and businesses flourished in services like hospitality. Decreases in the number of manufacturing businesses were largely due to the process of outsourcing. And decreases in agribusiness were caused by drought and mechanisation.

The coronavirus pandemic has changed Australian business as well as the Australian consumer – we're more wary, more digitally adept, more family-focused and home-oriented – but it hasn't dimmed the Australian obsession with being your own boss.

The coronavirus has clearly hurt the microbusiness and small business community in the hospitality and construction sectors. But rather than wiping out these businesses altogether, the Australian response seems to have been to scale down, to shed labour, and to seek out the safety of operating in the sole trader world. And there, the spirit of Australian small business is sitting tight, waiting for the right conditions to return before bursting into life by taking on employees.

Australian entrepreneurialism might have been dimmed and battered by the pandemic but it isn't beaten. Recovery is already gathering momentum and part of that story will and must be the firing up of the base of the Australian business pyramid (the sole trader), growing the Australian workforce, and rebuilding our wealth as a nation.

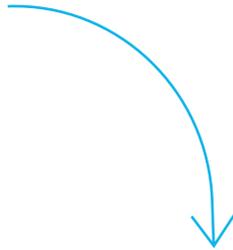
Melbourne boomed before lockdown

OF THE ROUGHLY 26 MILLION AUSTRALIANS, 13 MILLION (OR THEREABOUTS) ARE IN THE WORKFORCE.

This table, drawn from the recently released Business Count database produced by the Australian Bureau of Statistics, shows there were 2.4 million business entities in Australia with an ABN registration at June 2020.

They ranged from sole trader businesses to Australia's largest corporations employing hundreds of thousands of employees. Sydney and Melbourne contain most businesses. The Business Count data set shows that in the middle of last year there was a ratio of one business entity for every 11 Australians: we're an enterprising people. In the state capitals, over the year to June 2020, the most net new businesses were added in Melbourne (up 17,406 in absolute terms) or, from another perspective, in Hobart which grew its business base most in percentage terms (up 6.7%).

Note: These measures are based on ABN registrations by industry and business employment sizes.



Capital cities	Businesses 2020	Net change 2019-20	Percentage change 2019-20	People to business ratio 2010	People to business ratio 2020
Sydney	575,256	12,015	2.1%	10	9
Melbourne	515,721	17,406	3.5%	10	10
Brisbane	215,837	4,962	2.4%	11	12
Perth	185,826	1,207	0.7%	10	11
Adelaide	117,295	1,961	1.7%	12	12
Australian Capital Territory	30,754	848	2.8%	15	14
Hobart	17,616	1,112	6.7%	14	14
Darwin	11,050	305	2.8%	13	14
Rest of Australia	753,166	7,131	1.0%	10	11
Total Australia	2,422,521	46,947	2.0%	10	11

Business count and growth by capital city, 2019-20

Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Behold the business tumble-down effect

THE ARRIVAL OF THE CORONAVIRUS SEEMS TO HAVE CREATED A BUSINESS TUMBLE-DOWN EFFECT WHERE LARGER BUSINESSES SHED LABOUR AND SO TUMBLED DOWN INTO SMALLER-SCALE BUSINESSES.



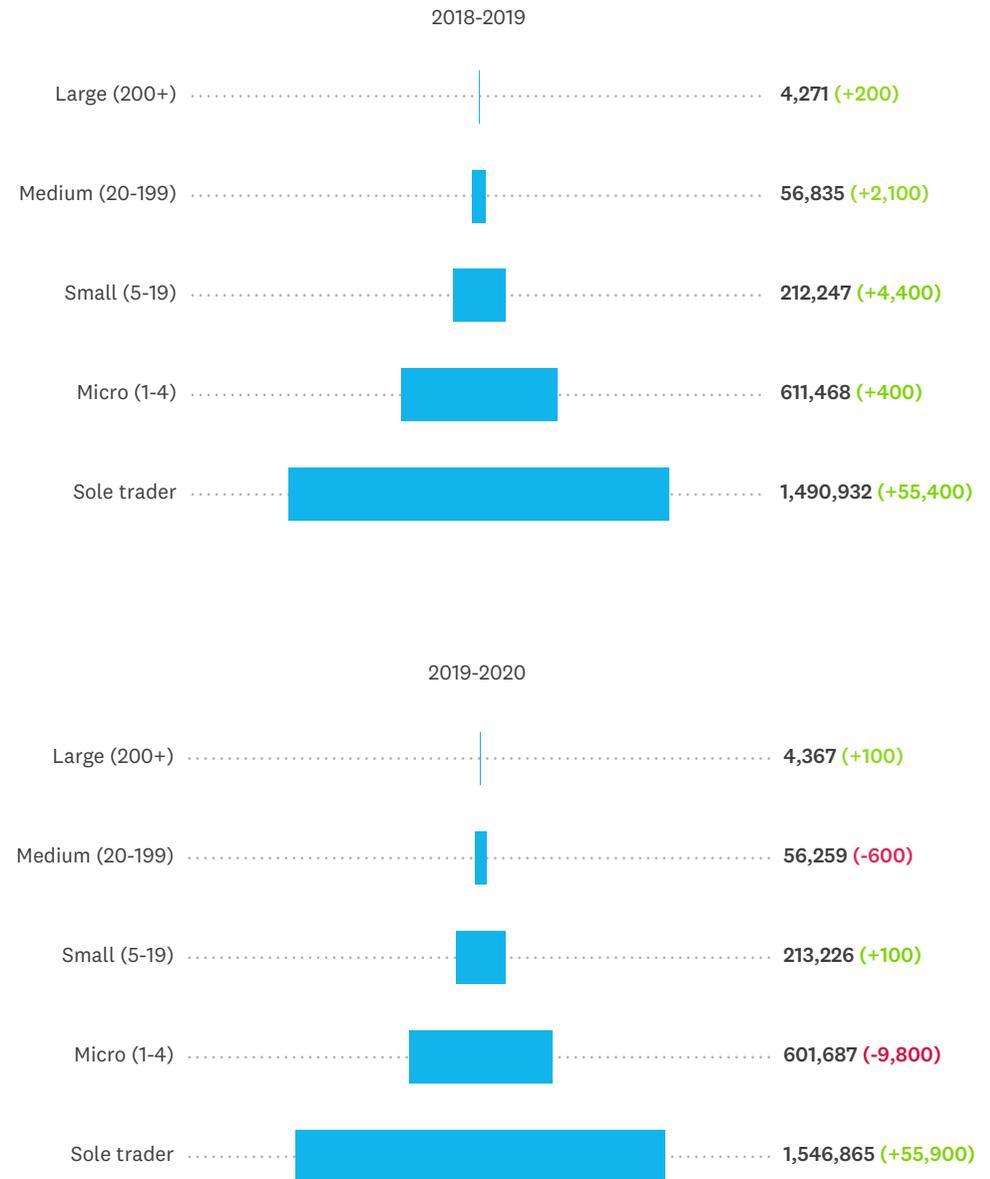
The indisputable bedrock of Australian entrepreneurship is the sole trader (businesses with no employees).

They comprised 1.5 million of the 2.4 million businesses in Australia in June 2020. The number of net new sole trader businesses jumped by 55,900 over the 2019/20 financial year which was more than the increase in the previous year. The pandemic caused widespread lockdowns from March to June 2020 resulting in labour shedding by bigger businesses. It would seem that some of those discharged set up their own sole trader businesses, and that some small businesses laid off staff and tumbled back into sole trader status. It's almost as if the sole trader base served as a pilot light for Australian entrepreneurship during the pandemic.

Note: These measures are based on ABN registrations by industry and business employment sizes.



Change in business count by employment category, 2018-19 and 2019-20 Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually



It takes more than a pandemic to extinguish our entrepreneurial spirit

PERHAPS SOMEWHAT SURPRISINGLY, THE NUMBER OF NET NEW BUSINESSES ADDED TO THE AUSTRALIAN ECONOMY INCREASED DURING THE YEAR ENDING JUNE 2020. HOWEVER AS ONE WOULD EXPECT, THE NET INCREASE OF 47,000 BUSINESSES WAS DOWN ON THE 60,000 ADDED IN THE PREVIOUS YEAR.

This chart shows the net change in Australia's business count year by year over the last 15 years. In only two of those years – in the global financial crisis (GFC) of 2008/09 and the post-resource-boom in 2012/13 – did the number of businesses contract.

Four months of the pandemic, late in 2019/20, had the effect of perhaps dampening but not extinguishing the entrepreneurial spirit of the Australian people. Plus, the evidence shows that after quite severe economic shocks (GFC and the end of the resources boom) Australian entrepreneurship bounced back. Indeed, in the post-GFC year, net new businesses surged by the highest margin recorded thus far in the 21st century. This trend really does auger well for post COVID-19 Australia. Our entrepreneurial spirit really does seem irrepressible.

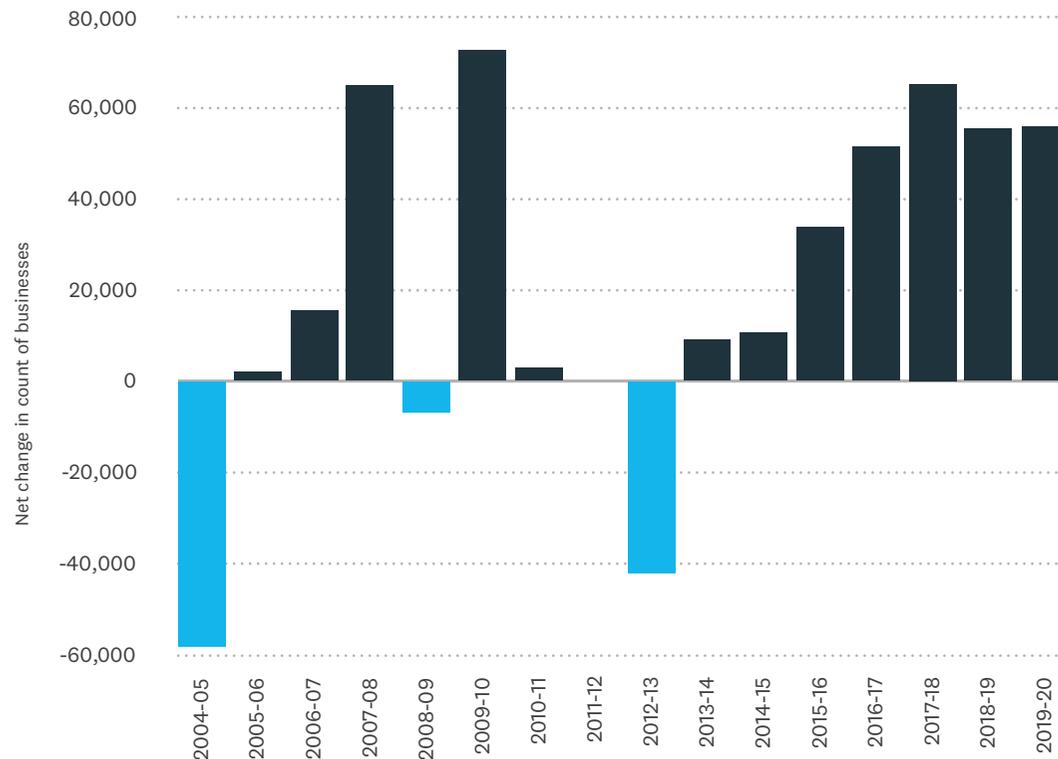
Note: These measures are based on ABN registrations by industry and business employment sizes.



Net change in business count June 2004–June 2020

Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Sole traders form the bedrock of Australia's small business enterprises



AND HERE IT IS, THE PISTON THAT DRIVES AUSTRALIA'S ENTREPRENEURIAL SPIRIT; THE PILOT LIGHT THAT KEPT BUSINESSES OPERATING DURING THE EARLY MONTHS OF THE PANDEMIC. HERE'S THE NET CHANGE IN THE AUSTRALIAN SOLE TRADER POPULATION OVER 15 YEARS TO 2020.

Since the collapse of the resources boom during the 2012/13 financial year, the number of net new sole trader businesses has ranged between 50,000 and 70,000 for four consecutive years including the first half of 2020.

This reflects the Australian penchant for running your own business, but it probably also includes the effects of some structural changes including, for example, the rise of sole trader deliverer and ride-share businesses. In either case, the fact remains that sole traders are the largest sector of the Australian business entity community.

Note: These measures are based on ABN registrations by industry and business employment sizes.

Net change in sole trader (non-employed) business counts, June 2004–June 2020

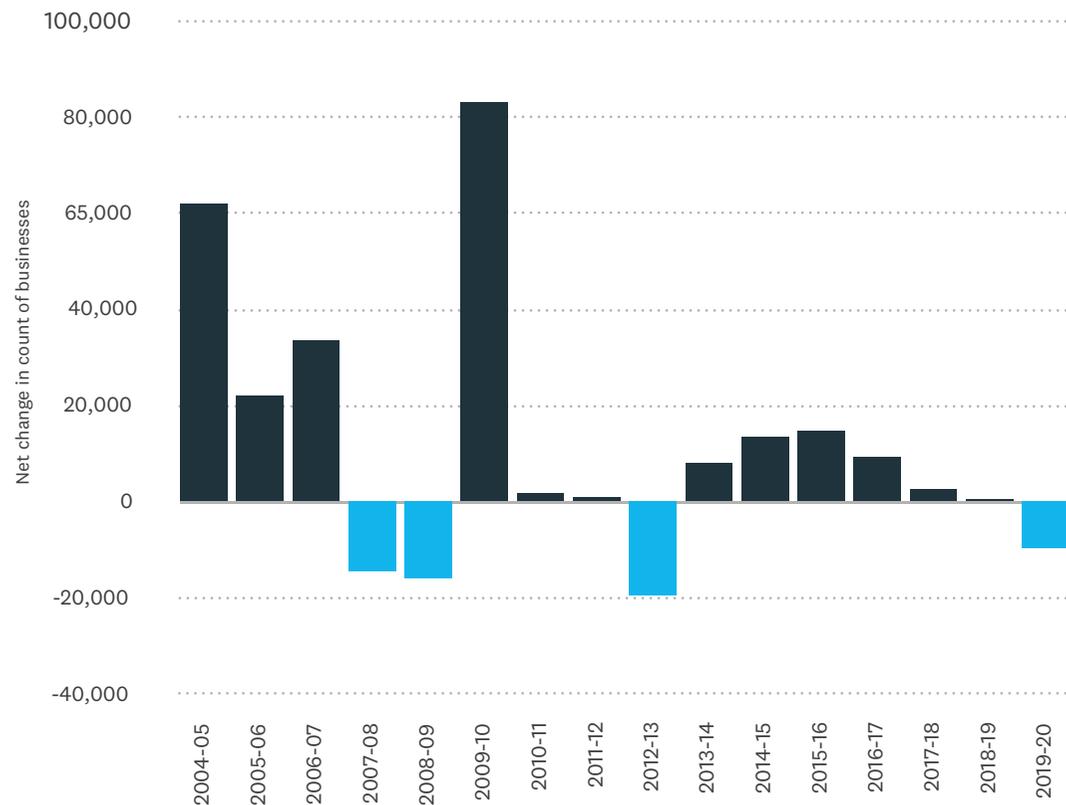
Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Microbusinesses act as a business incubator

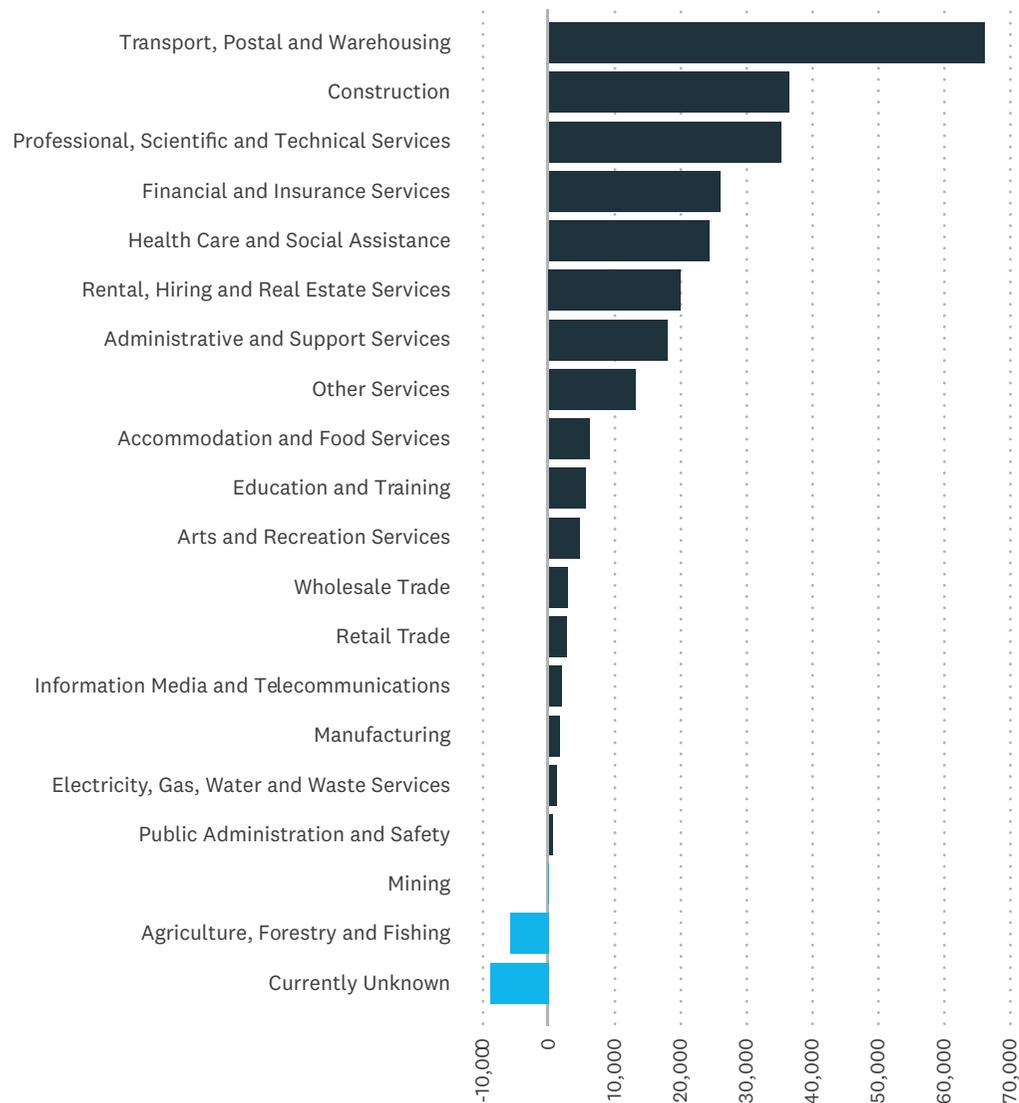
SITTING DIRECTLY ABOVE SOLE TRADERS IN THE EMPLOYMENT HIERARCHY IS THE MICROBUSINESS SECTOR (BUSINESSES THAT EMPLOY 1 TO 4 WORKERS).

This would include business activities in construction, retail and maybe health. At an aggregate level, the number of businesses in this sector dropped from 611,000 at June 2019 to 602,000 twelve months later.

Whereas over 2018/19 the number of microbusinesses jumped by 400, during the pandemic-affected year the sector contracted by 10,000 businesses, some of which would have tumbled into the sole trader category. Over the past 15 years the number of microbusinesses has increased and decreased in response to broader economic conditions. This supports the view that entrepreneurship rises and falls from a solid sole trader base, expanding into microbusinesses in good times, and retreating in more straitened times.



Net change in microbusiness (1-4 employees) counts, 2004-2020
Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually



Change in number of business by industry, 2015-2020
Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Uber, education, and professional services are opportunity

ALL OF THESE UPS AND DOWNS OVER RECENT YEARS AND THE LONGER TERM RAISE THE QUESTION OF WHICH BUSINESSES HAVE EXPANDED MOST (AS MEASURED BY THE NUMBER OF ENTITIES) DURING THE PANDEMIC YEAR TO JUNE 2020.

The answer is a bit of a mixed bag. The number of business entities operating in the transport, postal and warehousing industry jumped 67,000.

This would include Uber drivers, take-away food deliverers, as well as couriers delivering, for example, products bought online during lockdowns. This was followed by 37,000 net new businesses added in construction (the pandemic did prompt a renovation and extension blitz), 35,000 net extra businesses in professional services (solicitors, accountants, IT geeks), 26,000 more businesses in financial services (such as financial planners) and 24,000 more businesses in healthcare and related activities. The January 2020 summer rains were insufficient to reverse the contraction of agribusiness businesses in this year.

Melbourne has a couple of big-gun business-growth sectors, like transport

Rank	Industry	Sydney	Melbourne
1	Transport, Postal and Warehousing	1,432	4,427
2	Construction	993	2,074
3	Professional, Scientific and Technical Services	2,082	1,972
4	Health Care and Social Assistance	1,631	1,794
5	Administrative and Support Services	819	1,544
6	Rental, Hiring and Real Estate Services	1,556	1,486
7	Financial and Insurance Services	1,726	1,267
8	Other Services	675	817
9	Retail Trade	372	624
10	Accommodation and Food Services	280	567
	All industries	12,015	17,406

DURING THE YEAR ENDING JUNE 2020 MELBOURNE ADDED 17,000 NET NEW BUSINESS ENTITIES WHILE SYDNEY ADDED 12,000.

These cities are of course the greatest repositories of Australian business ranging from global businesses to sole traders.

The top 10 net new businesses for each city shows the extent to which Melbourne is skewing towards transport services (e.g., deliverers) up 4,400 entities in this year as compared with just 1,400 in Sydney. The same differential applies in construction. Boomtown Melbourne with a stronger population growth rate than Sydney created 2,000 net new construction businesses during 2019/20 whereas Sydney added just 1,000. Across all other industries Sydney and Melbourne add and lose businesses at similar rates. Melbourne is adapting to new service delivery models faster than is Sydney. But Sydney is less exposed to the population-growth inspired construction market than is Melbourne.

Top 10 industries ranked by growth in business count in Sydney and Melbourne, June 2019–June 2020. Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

CASE STUDY

Tricks of the trade: Microbusinesses rise amid Australia's construction boom

Starting his own plumbing business during Melbourne's lockdown proved to be a master stroke for Michael Rawnsley of MGR Plumbing who, after a slow start, is now riding a wave of new business as the construction industry kicks into high gear.



2020 saw Michael Rawnsley, like many others, make the decision to become his own boss. Despite the uncertainty created by COVID-19, he took the risk of launching MGR Plumbing during Melbourne's winter lockdown.

“I wanted the next challenge. When you work for yourself, you're not governed by someone else, so you can make your business into whatever you want,” says Michael, who adds that the birth of his first child in March last year drove him to seek more autonomy and flexibility.

Based in the tight-knit suburb of The Basin, Michael works all over Melbourne. From working on new builds to high-end renovations and extensions, his work is varied, with each day presenting new challenges and fresh opportunities to show clients what his small team is made of.

All systems go

Melbourne's extended lockdown provided Michael with the breathing space to focus on building the foundations of his business. Rather than launching quickly, he was able to take his time.

"Instead of getting straight into it, I spent the first month setting systems up. I use SimPRO as my job management software to do all my quoting and invoicing. Everything is pretty much in that system and since it's linked to Xero most of the back end of the business is now automated," Michael explains.

Fresh to business ownership, Michael consulted trusted advisors for guidance.

"The accounting side of it was challenging. I spent time with my accountant and financial advisor to get my head around how things work and sort out the back end," says Michael.

With Melburnians reluctant to have tradespeople in their homes during the lockdown, business was slow early on.

Thankfully, as the state opened up, construction projects began to resume, spurred on by the federal government's HomeBuilder grant program.

"It took time to kick off but now we're super busy. Our team's got six months of work ahead of us. The initial time I spent investing in the business and setting up systems is now paying off," says Michael, who has now hired two others to help grow the business.

Smart marketing

One of the biggest challenges for microbusiness owners is finding new clients, especially in the early stages.

Having decided not to invest in advertising, Michael found word of mouth to be powerful. By focusing on providing excellent service to clients, the enquiries soon started to roll in.

"Once your name is out there, people refer you on. The first few jobs I did were referrals, and then each of those clients referred someone else," says Michael.

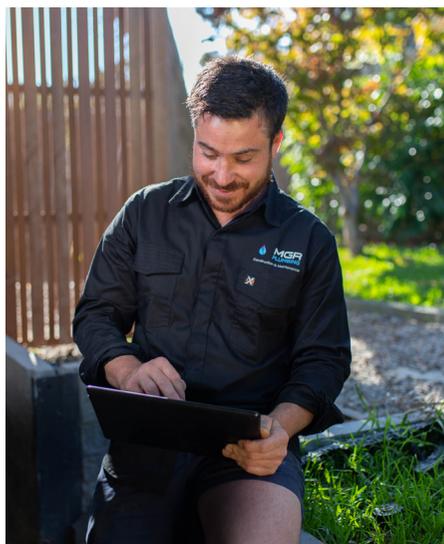
He also set up a business Instagram account to link up with other tradies and form relationships with other small businesses.

"Instagram is good for branding. It's a way to connect with people and start relationships. For me, it's not about selling a product, it's about getting your brand out there and kick-starting a conversation with someone," says Michael.



Beyond the bottom line

As Australia heads into economic recovery and business slowly ramps up to pre-COVID-19 levels, many sole traders have looked to expand their business, scaling up to employ workers and transitioning into a microbusiness. Michael sees hiring as more than just a way to increase revenue. He also appreciates the value you can bring to others starting out in the industry when you run your own show. He sees his decision to scale up and hire an apprentice as a chance to guide the next generation.



“Bringing an apprentice on was less about having another staff member and more about giving back. When I was young, I was taken on as an apprentice. I wanted to give someone else that opportunity too. It’s satisfying teaching him the right way to do things, knowing that when he’s finished his apprenticeship, he’ll be successful,” says Michael.

From problem-solving complicated plumbing issues to managing the emotions of clients dealing with stressful situations, Michael gets satisfaction from providing high levels of service.

“Whatever you put in, you get back. The more you put into your business, the more rewards you get. There are challenges, but the appreciation I get from clients is greater than when I worked for someone else, so I go home with a smile on my face,” says Michael. ☺

Michael’s advice for tradies considering running their own business:

1. Invest in your team and your clients

Mentor your staff so they can grow and develop. Spend time building their practical skills as well as non-technical skills. Connect with your clients and spend the time to get to know them. The client work you choose to do shapes your business and your brand, so find the customers and projects that align with what it is that you want for your business.

2. Own your mistakes

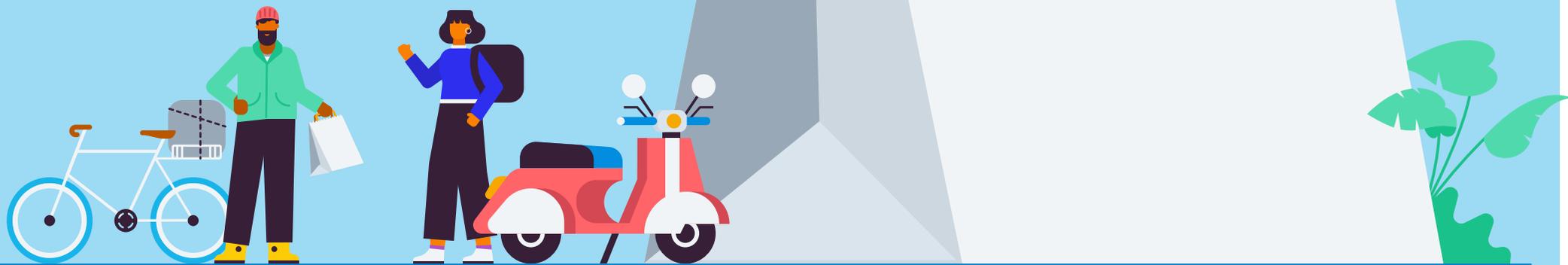
Learn from your mistakes and put systems in place so they don’t happen again. Take ownership of your mistakes and your clients are likely to be understanding.

3. Provide better service than your competitors

Do the little things that make it easy for clients to do business with you. Take the time to communicate and connect. Ask your clients for feedback so you can continually do things better.

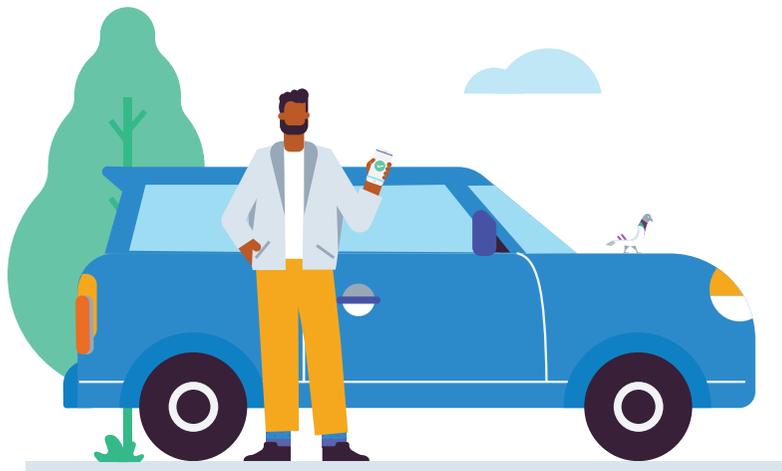
New sole traders surge in transport (deliverers, perhaps)

SOLE TRADERS ARE THE BACKBONE OF THE AUSTRALIAN BUSINESS COMMUNITY AND THE GROWTH OF THIS GROUP SURGED DURING THE PANDEMIC YEAR. BUT IN WHICH SECTORS OF THE ECONOMY?



This table shows that the number of sole traders expanded (created net new businesses) in transport, professional services, construction and healthcare.

Interestingly, there was a softening in the number of net new sole trader transport businesses (up 11,631 in 2019/20 as compared with 13,874 the previous year). On the other hand, the number of net new sole trader businesses in rental, hiring and real estate services jumped from 4,391 in 2018/19 to 5,470 in 2019/20. The pandemic may be creating sole-trader opportunities in rental, hiring and real estate services as Australians weigh up their sea-change and tree-change options.



Rank	Industry	Net change 2018-19	Net change 2019-20
1	Transport, Postal and Warehousing	13,874	11,631
2	Professional, Scientific and Technical Services	6,496	6,068
3	Construction	5,859	6,268
4	Health Care and Social Assistance	5,137	6,005
5	Financial and Insurance Services	4,947	4,989
6	Rental, Hiring and Real Estate Services	4,391	5,470
7	Administrative and Support Services	4,264	4,405
8	Other Services	2,997	2,750
9	Retail Trade	2,765	2,820
10	Wholesale Trade	1,235	1,185
	All industries	54,263	56,709

Top 10 highest growth sole-trader businesses by industry over two years

Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Top 10 highest growth microbusinesses by industry over two years

THE PAIN OF THE AUSTRALIAN BUSINESS COMMUNITY DURING THE PANDEMIC-AFFECTED YEAR IS BEST ILLUSTRATED IN THIS TABLE WHICH COMPARES CHANGE IN BUSINESS NUMBERS BY INDUSTRY FOR MICROBUSINESSES EMPLOYING 1 TO 4 WORKERS OVER CONSECUTIVE YEARS.

Net growth in these business entities was generally lower in 2019/20 than in the previous year. For example, the number of businesses in healthcare employing 1 to 4 workers jumped by 480 during 2018/19, but in the previous year the equivalent figure was 218.

In construction — perhaps the heartland of microbusinesses — a net increase of 1,662 net new microbusinesses in 2018/19 changed to a net loss of 3,896 in 2019/20. It's possible, if unlikely, that many of the 1 to 4 construction employers laid off workers and reverted to sole trader status while the pandemic continued.

Rank	Industry	Net change 2018-19	Net change 2019-20
1	Professional, Scientific and Technical Services	1,895	870
2	Construction	1,662	-3,896
3	Health Care and Social Assistance	480	218
4	Other Services	380	138
5	Administrative and Support Services	352	46
6	Education and Training	232	339
7	Arts and Recreation Services	124	178
8	Electricity, Gas, Water and Waste Services	40	29
9	Mining	-53	-77
10	Wholesale Trade	-77	-706
	All industries	674	-9,799

Top 10 highest growth (and least loss) microbusinesses by industry over two years. Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Where Australia's new business hotspots are

DURING THE YEAR ENDING JUNE 2020, AUSTRALIA ADDED 47,000 NET NEW BUSINESSES, WHICH RAISES THE QUESTION OF WHERE ARE THESE NEW BUSINESSES BEING FORMED.

This table shows the top 10 net new business locations (by registered business address) by SA2 (which is an ABS term for suburb, or in the regions a town or district) added over the 12 months to June 2020.

Rank	SA2 Name (suburb)	State	Business count 2020	Net change 2019-20	Percentage change 2019-20
1	Sydney - H'market - The Rocks	NSW	45,054	1,501	3%
2	Tarneit	VIC	4,270	813	19%
3	Melbourne	VIC	25,184	745	3%
4	Cranbourne East	VIC	2,963	705	24%
5	Riverstone - Marsden Park	NSW	3,071	645	21%
6	Truganina	VIC	3,324	580	17%
7	Cobbitty - Leppington	NSW	2,717	413	15%
8	Mickleham - Yuroke	VIC	1,069	377	35%
9	Maitland	NSW	2,110	363	17%
10	Docklands	VIC	2,923	351	12%
	Total Australia		2,422,521	46,947	2%

The largest new business location on the Australian continent is the Sydney CBD including The Rocks and Haymarket. There were 45,054 businesses operating from within this location in the middle of 2020, an increase of 1,501 over 12 months. This was followed by Tarneit on the western edge of Melbourne, up 813 net new businesses and the Melbourne CBD up 745 net new businesses over the 12 months to June 2020. The pattern is very much the CBDs of our largest cities, and on their edges which are being formed by builders and the construction industry. In percentage terms the greatest growth in net new businesses (of the top 10) was Melbourne's Mickleham-Yuroke on the city's northern edge, up 377 net new businesses or 35% in twelve months.

Top 10 SA2s (suburbs) with growth in all businesses, 2019-20

Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

New business incubators? Try the city centre and the city edges

THE BUSINESS COUNT REPORT SHOWS THAT 47,000 NET NEW BUSINESSES WERE ADDED TO THE AUSTRALIAN CONTINENT DURING THE YEAR TO JUNE 2020.

Where are these net new businesses located on a state-by-state basis?

In New South Wales, the hotspots are the Sydney CBD and edge (for example, Rouse Hill) as well as Maitland, which added 363 businesses, up 17% in twelve months. In Victoria, it's the Melbourne CBD and the city's edges. In Queensland, the state's net new business hotspot is the CBD (286 new businesses, up 2%) and the CBD spillover suburb of Fortitude Valley. Pimpama saw the largest percentage growth, up 21%. In South Australia, the hotspots are scattered across Adelaide's suburbs.

Top five suburbs by state with the highest net growth in new businesses. Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

New South Wales		
Suburb	Net change 2019-2020	Percentage change 2019-2020
Sydney - H'market - The Rocks	1,501	3%
Riverstone - Marsden Park	645	21%
Cobbitty - Leppington	413	15%
Maitland	363	17%
Rouse Hill - Beaumont Hills	338	11%
Total New South Wales	14,365	1%
Total Australia	46,947	2%

Victoria		
Suburb	Net change 2019-2020	Percentage change 2019-2020
Tarneit	813	19%
Melbourne	745	3%
Cranbourne East	705	24%
Truganina	580	17%
Mickleham - Yuroke	377	35%
Total Victoria	19,477	3%
Total Australia	46,947	2%

Queensland		
Suburb	Net change 2019-2020	Percentage change 2019-2020
Brisbane City	286	2%
Fortitude Valley	192	7%
Pimpama	180	21%
North Lakes - Mango Hill	156	7%
Eight Mile Plains	153	7%
Total Queensland	7,358	2%
Total Australia	46,947	2%

South Australia		
Suburb	Net change 2019-2020	Percentage change 2019-2020
Northgate - Oakden - G/Plains	164	10%
Windsor Gardens	149	8%
Enfield - Blair Athol	140	6%
Mitchell Park	75	8%
Mitcham (SA)	75	5%
Total South Australia	1,823	1%
Total Australia	46,947	2%

New business surges in Perth's suburbs

Western Australia		
Suburb	Net change 2019-2020	Percentage change 2019-2020
Cannington - Queens Park	188	9%
Forrestdale - Harrisdale - P/Waters	149	9%
Rivervale - Kewdale - Cloverdale	110	5%
Subiaco - Shenton Park	110	2%
Bentley - Wilson - St James	104	6%
Total Western Australia	1,177	1%
Total Australia	46,947	2%

Tasmania		
Suburb	Net change 2019-2020	Percentage change 2019-2020
Hobart	101	3%
Kingston - Huntingfield	87	10%
Glenorchy	73	11%
Derwent Park - Lutana	64	14%
Moonah	60	9%
Total Tasmania	1,592	4%
Total Australia	46,947	2%

THE NEW BUSINESS HOTSPOTS ACROSS WESTERN AUSTRALIA OVER THE YEAR TO JUNE 2020 ARE ALSO SCATTERED ACROSS THE SUBURBS, THIS TIME THE SUBURBS OF PERTH.

Places like Cannington, Forrestdale and Rivervale each added between 110 and 188 net new businesses.

In Tasmania it's all about Hobart, its suburbs and the lifestyle zone south of the city. Across the Top End, net new businesses cluster in Darwin city and suburbs. Whereas in the ACT, there's net new businesses on the edge and closer to the centre of Canberra in places like Kingston and Braddon.

Northern Territory		
Suburb	Net change 2019-2020	Percentage change 2019-2020
Darwin City	37	3%
Parap	36	11%
Woolner - Bayview - Winnellie	34	3%
Leanyer	31	11%
Palmerston - South	30	20%
Total Queensland	347	2%
Total Australia	46,947	2%

Australian Capital Territory		
Suburb	Net change 2019-2020	Percentage change 2019-2020
Kingston (ACT)	79	10%
Braddon	67	11%
Denman Prospect	47	62%
Franklin	44	9%
Throsby	43	74%
Total Australian Capital Territory	857	3%
Total Australia	46,947	2%

Top five suburbs by state with the highest net growth in businesses, 2019-20. Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Sole traders just seem to materialise in Australia's biggest cities

THE PATTERN OF NET NEW BUSINESS FORMATION THAT APPLIES TO ALL BUSINESSES IS REALLY DRIVEN BY THE LARGE SOLE TRADER COMPONENT.

This table identifies the SA2s (suburbs) across Australia that recorded most net new sole traders over the year to June 2020.

The top 10 are dominated by Sydney and Melbourne, with the township of Maitland located inland from Newcastle, also making its mark with a flurry of new business formations. The CBDs and the edges of both major cities are the preferred locations for new sole trader businesses. Perhaps the flee-the-city movement, generated by the pandemic, is underpinning the surge in new business formation in Maitland.



Rank	SA2 Name (suburb)	State	Business count 2020	Net change 2019-20	Percentage change 2019-20
1	Sydney - H'market - The Rocks	NSW	28,596	1,597	6%
2	Tarneit	VIC	3,503	734	21%
3	Melbourne	VIC	16,408	588	4%
4	Cranbourne East	VIC	2,362	569	24%
5	Truganina	VIC	2,730	522	19%
6	Riverstone - Marsden Park	NSW	1,836	411	22%
7	Maitland	NSW	1,725	375	22%
8	Dandenong	VIC	4,332	325	8%
9	Mickleham - Yuroke	VIC	850	312	37%
10	Docklands	VIC	1,891	296	16%
	Total Australia		2,422,521	46,947	2%

Top 10 SA2s with growth in sole trader (non-employed) businesses, 2019-20

Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Microbusinesses grow in the centre, in the middle, and on the edge

Rank	SA2 Name (suburb)	State	Business count 2020	Net change 2019-20	Percentage change 2019-20
1	Riverstone - Marsden Park	NSW	957	163	17%
2	Cranbourne East	VIC	530	135	25%
3	Melbourne	VIC	5,298	112	2%
4	Homebush Bay - Silverwater	NSW	1,032	104	10%
5	Brunswick	VIC	767	102	13%
6	Rouse Hill - Beaumont Hills	NSW	974	96	10%
7	Cobbitty - Leppington	NSW	856	95	11%
8	Brisbane City	QLD	2,172	80	4%
9	Baulkham Hills (West) - Bella Vista	NSW	1,475	68	5%
10	Mickleham - Yuroke	VIC	198	60	30%
11	Wollert	VIC	208	59	28%
12	Rockbank - Mount Cottrell	VIC	254	55	22%
13	Ocean Grove - Barwon Heads	VIC	623	54	9%
14	Biggera Waters	QLD	267	50	19%
15	Subiaco - Shenton Park	WA	1,138	47	4%
	Total		601,471	-9,799	-2%

AUSTRALIA'S MICROBUSINESS HOTSPOTS FOLLOW A SLIGHTLY DIFFERENT PATTERN TO SOLE TRADERS.

The top 15 SA2s (suburbs) in terms of net new businesses created over the twelve months to June 2020 are scattered across the middle and edge suburbs of Melbourne, Sydney and Brisbane.

The Sydney CBD supports new sole traders but less so microbusinesses which may be flung out of the city centre for cost-of-accommodation reasons. New microbusinesses flourish in Melbourne's Cranbourne East, in Sydney's Cobbitty, and in the Gold Coast's Biggera Waters. as well as in regional centres like Ocean Grove.

Top 15 SA2s with growth in microbusinesses (1-4 employees), 2019-20. Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Small business surges in the city as well as in regions like Bendigo and Orange

NET NEW SMALL BUSINESSES EMPLOYING 5 TO 19 WORKERS FORM AND CLUSTER IN KEY (SUBURBAN) REGIONAL CENTRES LIKE SYDNEY'S CHATSWOOD, MELBOURNE'S BURWOOD, THE GOLD COAST'S BUNDALL AND EVEN IN THE LIFESTYLE ZONE SOUTH OF HOBART CENTRED ON KINGSTON.



The city edges are also popular for net new small businesses including, for example, Werribee on Melbourne's west and Somerville in Melbourne's southeast.

There's something of a small business resurgence in (rural) regional centres (perhaps prompted by the end of the drought) in Bendigo and Orange. The CBD fringe is also popular with small business startups in locations like Brisbane's Fortitude Valley and Sydney's Surry Hills.

Top 15 SA2s with growth in small businesses (5-19 employees), 2019-20. Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Rank	SA2 Name (suburb)	State	Business count 2020	Net change 2019-20	Percentage change 2019-20
1	Chatswood (East) - Artarmon	NSW	648	49	8%
2	Somerville	VIC	202	46	23%
3	Burwood	VIC	140	40	29%
4	Bendigo	VIC	315	38	12%
5	Werribee - South	VIC	182	37	20%
6	Riverstone - Marsden Park	NSW	216	36	17%
7	Bundall	QLD	212	36	17%
8	Melbourne	VIC	2,387	35	1%
9	Surry Hills	NSW	631	35	6%
10	Kingston - Huntingfield	TAS	118	35	30%
11	Southport - North	QLD	364	34	9%
12	Fortitude Valley	QLD	384	34	9%
13	Orange	NSW	306	34	11%
14	Kingston (ACT)	ACT	154	34	22%
15	Glen Waverley - West	VIC	225	33	15%
	Total		212,971	903	0.4%

Hobart, Melton and Geelong show how **new** businesses can be created

ANOTHER WAY TO MONITOR WHERE NEW BUSINESSES ARE BEING FORMED IS BY SIGNIFICANT URBAN AREA (SUA). THIS IS A TIGHTER DEFINITION OF AN URBAN AREA, BREAKING DOWN A GREATER METROPOLITAN AREA INTO COMPONENT PARTS.



Over the twelve months to June 2020, the Melbourne SUA added 16,861 net new businesses as compared with 11,665 added to Sydney's SUA.

This method of analysis identifies the communities that support most net new businesses and generally aligns with population levels. But as shown in this table, net new businesses formed in Adelaide and on the Gold Coast outstripped the number added in the Perth SUA. During this financial year, Perth was possibly still reeling from the effects of the end of the resources boom some years earlier. What stands out in this table is the fact that Melton, a commuter suburb within the orbit of Greater Melbourne, had a higher net change in new businesses than the Northern Territory's state capital of Darwin.

Top 15 towns with the highest net growth in all businesses, 2019–20. Source: ABS counts of Australian businesses, including entries and exits, 16-02-2021, issued annually

Rank	Significant Urban Area	Total Businesses 2020	Net change 2019-20	Percentage change 2019-20
1	Melbourne	500,625	16,861	3%
2	Sydney	546,005	11,665	2%
3	Brisbane	208,658	4,898	2%
4	Adelaide	115,215	1,946	2%
5	Gold Coast - Tweed Heads	76,216	1,590	2%
6	Perth	182,846	1,198	1%
7	Hobart	16,564	1,060	7%
8	Sunshine Coast	36,481	876	2%
9	Geelong	21,659	875	4%
10	Canberra - Queanbeyan	33,066	785	2%
11	Newcastle - Maitland	35,249	714	2%
12	Central Coast	22,970	387	2%
13	Melton	3,728	385	12%
14	Darwin	9,887	288	3%
15	Ballarat	8,890	251	3%
	Total Australia	2,422,521	46,947	2%

Meet the rocket towns of Aussie business: meltin' Melton and hot Hobart

THIS IS QUITE POSSIBLY THE MOST REVEALING TABLE OF THE ENTIRE REPORT. IT SHOWS THE TOP 15 CITIES AND TOWNS (AS SUAS) RANKED BY THE PERCENTAGE INCREASE IN NET NEW BUSINESSES OVER THE YEAR TO JUNE 2020.

© These are the rocket towns of Australian entrepreneurship.

Topping the list is Melbourne's commuter town of Melton where business formation surged by 12%.

Then comes Hobart, up 7% and Ulverstone on Bass Strait.

It's Tasmania's newest entrepreneurial hotspot where net new businesses jumped 5% (45 net extra businesses) in just twelve months.

The Latrobe Valley's Moe, perhaps pivoting from energy; Port Hedland, cashing in on the high price of iron ore; Geelong; and maybe Yanchep, as capital city spillover towns are all seeing growth in new businesses. Sea-change towns like Ulladulla and Coffs Harbour are attracting entrepreneurs, as are places like Sale, Bacchus Marsh, Alice Springs and Darwin.

Top 15 towns with the highest percentage growth in all businesses, 2019-20

Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Rank	Significant Urban Area	Total Businesses 2020	Percentage change 2019-20	Net change 2019-20
1	Melton	3,728	12%	385
2	Hobart	16,564	7%	1,060
3	Ulverstone	890	5%	45
4	Moe - Newborough	707	5%	34
5	Port Hedland	743	5%	35
6	Geelong	21,659	4%	875
7	Yanchep	616	4%	23
8	Karratha	859	4%	32
9	Ulladulla	1,397	4%	51
10	Melbourne	500,625	3%	16,861
11	Coffs Harbour	5,678	3%	188
12	Sale	1,130	3%	33
13	Darwin	9,887	3%	288
14	Bacchus Marsh	1,617	3%	47
15	Alice Springs	2,058	3%	59
	Total Australia	2,422,521	2%	46,947

CASE STUDY

Due South: Sole traders find a sense of community in small town Tasmania

Tasmanian business Sweet Nothings Event Hire successfully navigated a series of challenges thanks to the support and advice offered by Amanda Hingston, owner of local accounting business, Account Mechanics.

Running a wedding planning and prop hire business from the picturesque coastal town of Penguin sounds like the perfect plan for anyone dreaming of a Tassie sea change.

Yet, like other businesses reliant on weddings and events, Sweet Nothings Event Hire sailed into stormy weather last year.

Set up as a sole trader business, 83-year-old Richard Feeney runs the home-based enterprise with his wife, Jacqui.

“Last year, bookings came to a grinding halt. It’s picking up, but I don’t think the industry has fully recovered because people are still apprehensive about booking weddings or plane tickets,” says Richard.

Compounding the challenge of steering a business through the pandemic, the husband-and-wife team were managing the accounts without much digital know-how.

Despite the challenges, the couple were determined to keep the business on track.



Running a cottage industry

With weddings cancelled and postponed, Richard and Jacqui made the most of their downtime by repairing props, culling old inventory, and drying homegrown flowers to make biodegradable confetti.

“When potential customers visit the studio on our property, we take them through the Petal Parlour. It’s like going into an Aladdin’s cave, with dried flowers hanging from the ceiling beams,” says Jacqui.



With this studio experience an integral part of winning over prospective customers, Richard and Jacqui believe more and more people are keen to use local suppliers for their events.

“It’s a very touchy-feely experience. They’re not just walking into a commercial enterprise; they’re walking into a cottage industry. The dried flowers are from our garden, there are no chemicals or dyes – it’s just purely natural,” explains Jacqui.

Offering unique, sustainable confetti (instead of the mass-produced variety made in factories overseas) has been a strong marketing tool.

“Tasmania is a small community, so if one hundred people go to a wedding and fifty handfuls of confetti are thrown, people look at it, feel it, and ask where it came from,” says Jacqui.

Sole trader numbers swell

The growing number of people becoming sole traders is a nationwide trend, reflected strongly in Ulverstone, which is 13 kilometres from Penguin. As one of the many sole traders operating in the area, Richard believes this growth in small business ownership is driven by necessity.

“Tasmania is a bit of a backwater for industry. There’s little here, so to avoid being unemployed a lot of people create or buy businesses. Many people come here from the mainland and run businesses just to give themselves a job,” explains Richard, who has run various businesses since leaving the army in the late 1960s.



Home and Away,” Jacqui explains that the small business community is quite close knit.

As more mainlanders continue to make sea and tree changes to Tasmania, small business ownership will continue to swell.

Describing the tiny seaside village of Penguin as “a little bit like Summer Bay from

“There’s no animosity between local businesses. We all support each other by buying local,” she says.

Decoding the cloud

One small business that excels at supporting other local business owners is Account Mechanics, owned and run by bookkeeper Amanda Hingston.

When Sweet Nothings Event Hire faced financial challenges in early 2020, Amanda supported the business in many ways, with Richard putting it bluntly: “Amanda saved us from drowning.”

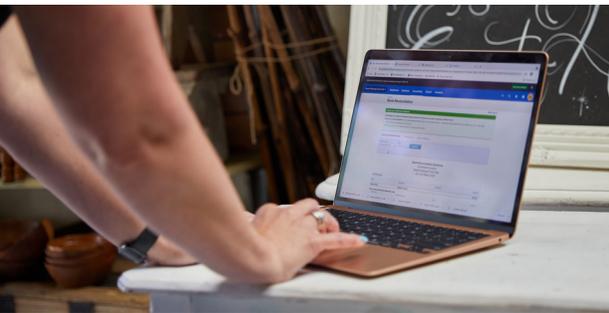
From teaching the couple how to use Xero to troubleshooting email issues, Amanda’s support extends beyond bookkeeping and accounting.

“Amanda really helped us. She didn’t come across as a number cruncher. She showed us care and compassion. Nothing was a problem for her, she even took our calls when she was at home making dinner,” says Jacqui.



Learning about cloud-based accounting presented a steep learning curve for the couple.

“I’m 83, so had limited computer skills. All I was used to doing was online banking, playing Solitaire and sending emails. Learning Xero was daunting for me, but these things are never as complicated as you think they are. It was confusing at first, but I’ve got a handle on it now thanks to Amanda,” Richard says.



Accounting with care

Last year was certainly busy for Amanda and her team of two.

“When the pandemic initially hit, I was concerned about local businesses.

For me, COVID-19 generated a lot of work that I wasn’t necessarily charging for,” she says, adding that since the lockdown lifted, the local economy has boomed with shops, cafes and restaurants enjoying record trade.

Amanda has also noticed a rise in people stepping away from salaried roles to become sole traders, especially people setting up services businesses like tradespeople and hairdressers.

“Before COVID-19 they might not have had the confidence to do it themselves. But having a couple of months in lockdown gave them the time to realise they can,” Amanda explains.

Amanda’s hands-on, compassionate approach has led to plenty of referrals, but perhaps more importantly, many friendships too.

“I have close relationships with my clients. If Richard is stuck on something in Xero, he knows he can ring me for help. Making myself available in this way helps to build trust,” says Amanda, before adding:

“I’m so lucky to have friendships with most of my clients. It’s a great position to be in.”

Amanda’s tips for starting your own services business:

1. Build relationships with your clients

Ensure your interactions with clients aren’t just transactional. To build trust and develop relationships with your clients, ask questions about their lives, challenges, and motivations.

2. Be generous with your time

If you charge in 15-minute increments or invoice clients for minor enquiries, they’ll be less likely to come back in the future or refer you to their friends. Not all your work will always be billable but being generous with your time helps to create goodwill.

3. Champion local small business

Where possible, use local suppliers and refer clients to other businesses in your area to support the local economy and business community you’re a part of.

The business atlas of Australia

There are cities and towns scattered across Australia that rise to national prominence based on quite obscure entrepreneurial measures, but showcase their unique strengths.

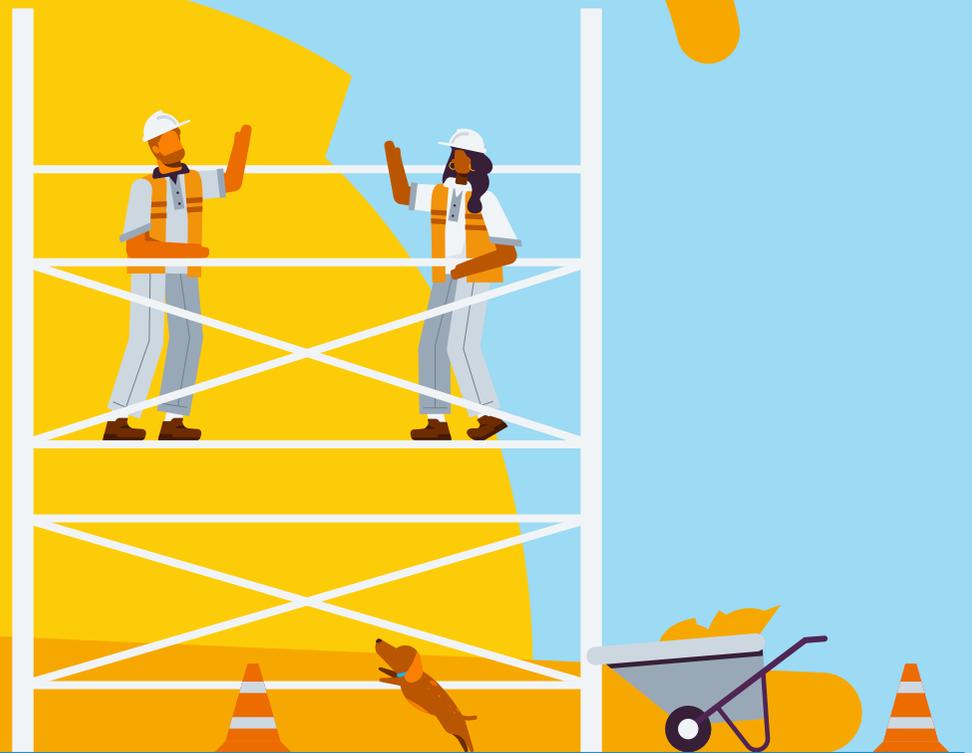
For example, Maitland near Newcastle is the ninth fastest growing net new business locality (SA2 or suburb) in Australia over the twelve months to June 2020. Maitland added 363 net new businesses which is a 17% increase (bringing the total to 2,110 businesses in June 2020). Maitland's net new business performance outranked Melbourne's Docklands (up 351 over the same timeframe). Maitland is most likely a destination for flee-the-city tree-changers, stimulating local business and/or perhaps bringing new businesses to the local area.

- The towns which have the highest proportion of different industries, 2019–2020.
- The towns and regions with the highest growth in business counts, 2019–2020. Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually



Yikes, it's Yanchep, the tradie's town

ANOTHER WAY TO REVIEW THE BUSINESS ORIENTATION OF AUSTRALIAN TOWNS IS TO COMPARE THE PROPORTION OF BUSINESSES ACROSS DIFFERENT INDUSTRIES WITH THE AUSTRALIAN AVERAGE.



Construction	
SUA	Proportion of businesses in 2020
Yanchep	37%
St Georges Basin - Sanctuary Point	32%
Bacchus Marsh	30%
Camden Haven	30%
Morisset - Cooranbong	30%
Australia	16%

Professional, Scientific and Technical Services	
SUA	Proportion of businesses in 2020
Canberra - Queanbeyan	18%
Sydney	17%
Brisbane	16%
Bowral - Mittagong	15%
Gisborne - Macedon	15%
Australia	12%

Rental, Hiring and Real Estate Services	
SUA	Proportion of businesses in 2020
Alice Springs	15%
Gold Coast - Tweed Heads	15%
Gympie	15%
Port Hedland	14%
Emerald	14%
Australia	11%

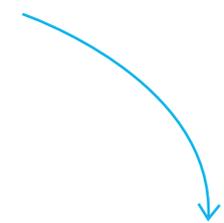
Financial and Insurance Services	
SUA	Proportion of businesses in 2020
Newcastle - Maitland	13%
Ballarat	12%
Port Lincoln	12%
Wagga Wagga	11%
Adelaide	11%
Australia	9%

For example, some 16% of Australia's businesses operate in the construction sector.

It makes sense given Australia's emphasis on immigration and home building. But in Yanchep, north of Perth, construction businesses comprise 37% of the local business community. Yanchep is tradie central. Canberra is dominated by professional services businesses. Alice Springs is over-represented in rental, hiring and real estate services businesses. And Newcastle and Maitland together are well represented by financial services businesses.

Top five SUAs by the highest proportion of businesses by industry in 2020. Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Kingaroy does agribusiness more than most



WHEREAS 8% OF AUSTRALIAN BUSINESSES OPERATE IN THE TRANSPORT, POSTAL AND WAREHOUSING SECTOR, THIS PROPORTION IS 25% IN THE VICTORIAN TOWNSHIP OF MELTON.

Kingaroy has three times the proportion of agribusiness businesses at 23% as the Australian average of 7%.

Lismore is strongly represented in healthcare businesses (the city operates a base hospital for the region). And Whyalla has twice the proportion of retail businesses as the Australian average: 12% compared with 6%.

Top five SUAs by the highest proportion of businesses by industry in 2020. Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Transport, Postal and Warehousing	
SUA	Proportion of businesses in 2020
Melton	25%
Port Hedland	13%
Bacchus Marsh	10%
Melbourne	10%
Whyalla	10%
Australia	8%

Agriculture, Forestry and Fishing	
SUA	Proportion of businesses in 2020
Kingaroy	23%
Esperance	21%
Warwick	21%
Mildura - Wentworth	21%
Port Lincoln	21%
Australia	7%

Health Care and Social Assistance	
SUA	Proportion of businesses in 2020
Lismore	11%
Port Macquarie	11%
Hervey Bay	11%
Sale	10%
Burnie - Wynyard	10%
Australia	6%

Retail Trade	
SUA	Proportion of businesses in 2020
Whyalla	12%
Lithgow	11%
Port Pirie	11%
Sale	10%
Bairnsdale	10%
Australia	6%

Come to Broken Hill and stay awhile

Accommodation and Food Services	
SUA	Proportion of businesses in 2020
Broken Hill	10%
Forster - Tuncurry	8%
Batemans Bay	8%
Ulladulla	7%
Moe - Newborough	7%
Australia	4%

Administrative and Support Services	
SUA	Proportion of businesses in 2020
Port Hedland	8%
Muswellbrook	8%
Karratha	7%
Broome	6%
Darwin	5%
Australia	4%

THE BROKEN HILL BUSINESS COMMUNITY IS DOMINATED BY ACCOMMODATION BUSINESSES (10% COMPARED WITH THE NATIONAL AVERAGE OF 4%).

Port Hedland is particularly strong in public administration and support services. It's a hub for the wider Pilbara region.

Maryborough in Queensland is strong in manufacturing. And Melbourne, along with others, is strong in wholesaling.

Manufacturing	
SUA	Proportion of businesses in 2020
Maryborough	7%
Portland	6%
Mudgee	5%
Bairnsdale	5%
Swan Hill	5%
Australia	4%

Wholesale Trade	
SUA	Proportion of businesses in 2020
Melbourne	4%
Parkes	4%
Griffith	4%
Sydney	4%
Adelaide	4%
Australia	3%

Top five SUAs by the highest proportion of businesses by industry in 2020. Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

Arts and education can help shape a town

THE GREATEST MINING TOWNS IN AUSTRALIA, FROM A BUSINESS PERSPECTIVE, ARE THOSE THAT SUPPORT MULTIPLE LOCAL BUSINESSES.

So whereas, across Australia, mining comprises 0.3% of all businesses, in Kalgoorlie the proportion is 6%.

Singleton is relatively strong in education, and so are Yeppoon, Gisborne and Goulburn. And when it comes to arts and recreation services, Muswellbrook, Yanchep, Goulburn, Grafton and Alice Springs all have 2% of businesses in the category, whereas Australia-wide it's just 1%. Some towns are simply more arty.

Top five SUAs by the highest proportion of businesses by industry in 2020. Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

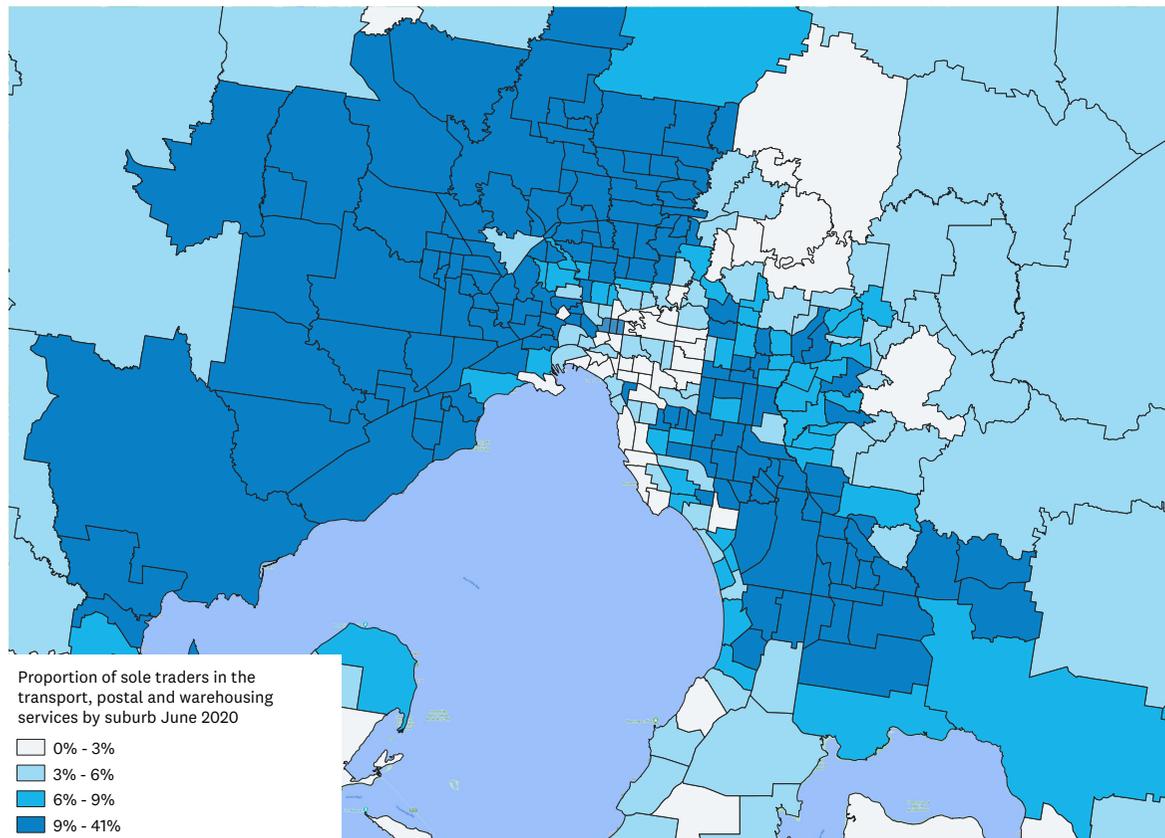
Arts and Recreation Services	
SUA	Proportion of businesses in 2020
Muswellbrook	2%
Yanchep	2%
Goulburn	2%
Grafton	2%
Alice Springs	2%
Australia	1%

Information Media and Telecommunications	
SUA	Proportion of businesses in 2020
Lithgow	1%
Alice Springs	1%
Sydney	1%
Canberra - Queanbeyan	1%
Central Coast	1%
Australia	1%

Education and Training	
SUA	Proportion of businesses in 2020
Singleton	2%
Yeppoon	2%
Gisborne - Macedon	2%
Goulburn	2%
Canberra - Queanbeyan	2%
Australia	1%

Mining	
SUA	Proportion of businesses in 2020
Kalgoorlie - Boulder	6%
Emerald	3%
Yeppoon	2%
Mount Isa	2%
Port Augusta	2%
Australia	0.3%

Some sole traders dominate the edge



Proportion of sole traders in the transport, postal and warehousing services by suburb June 2020

- 0% - 3%
- 3% - 6%
- 6% - 9%
- 9% - 41%

Proportion of sole traders in the transport, postal and warehousing services by suburb, June 2020
Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

THE PROPORTION OF SOLE TRADERS IN TRANSPORT, POSTAL AND WAREHOUSING BUSINESSES SHOWED A CLEAR CLUSTERING ACROSS MELBOURNE'S SUBURBS IN JUNE 2020.

There are job options for the unskilled, for the low-skilled, and for immigrant workers – which include the option of starting a sole trader business – in the transport, postal and warehousing sector.

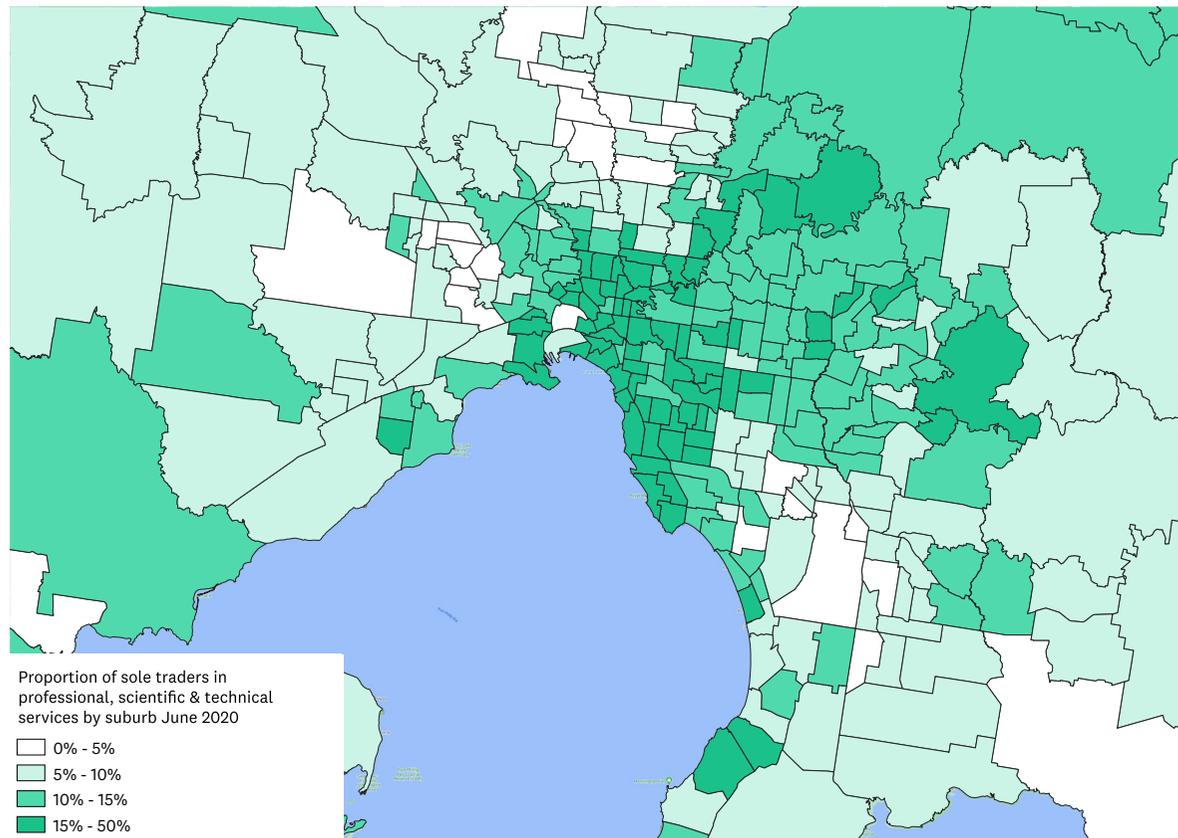
The business model for many appears to be to start a sole trader enterprise, possibly delivering transport services, on the city fringe which expands into a microbusiness (employing 1–4 workers) as the business grows.

Other sole traders cluster in and near the city centre

THE PROPORTION OF SOLE TRADERS IN PROFESSIONAL AND RELATED SERVICES ACROSS MELBOURNE SHOWS A CONCENTRATION WITHIN AND NEAR THE CBD AND BAYSIDE SUBURBS.

It seems that sole traders flourish on the city fringe and in the central and inner suburbs of the city.

That's why the sole trader is such a versatile and prolific business entity: it can and does operate across all Australian geographies including farming communities.



Proportion of sole traders in professional, scientific and technical services by suburb, June 2020
Source: ABS Counts of Australian Businesses, including Entries and Exits, 16-02-2021, issued annually

The coronavirus has created winners and losers...



CAFES

Chefs
-23,000 (-22%)

Waiters
-19,000 (-13%)

Kitchenhands
-15,000 (-11%)



SHOPS/SERVICES

**Checkout operators
and office cashiers**
-30,000 (-18%)

Sales representatives
-12,000 (-14%)

**Real estate
sales agents**
-6,000 (-6%)



PERSONAL SERVICES

Massage therapists
-10,000 (-42%)

Beauty therapists
-6,000 (-14%)

Domestic cleaners
-3,000 (-77%)



TRAVEL

**Tourism/travel
advisers**
-12,000 (-44%)

Travel attendants
-7,000 (-60%)

**Air transport
professionals**
-6,000 (-32%)

NEW DATA PUBLISHED BY THE AUSTRALIAN BUREAU OF STATISTICS IN LATE MARCH 2021 TRACKS THE OCCUPATIONS THAT RECORDED THE MOST NET JOB LOSSES BETWEEN FEBRUARY 2020 AND FEBRUARY 2021, (BEARING IN MIND THAT THE PANDEMIC CAUSED LOCKDOWNS FROM MARCH 2020).

Job losses were concentrated across four categories including hospitality (especially cafes), retail shops, personal services, and travel.

This data set is based on a survey methodology designed by the ABS and there is some margin of error in the estimates. Nevertheless, most job losses in the 12 months to February 2021 were in occupations like chef (down 23,000), checkout operator (down 30,000), massage therapist (down 10,000) and travel adviser (down 12,000).

Twelve selected leading job-loss occupations out of total 430 categories identified by ABS survey
Source: ABS 6291 ABS Labour Force Survey, Leading job losses by occupation in Australia, February 2020 to February 2021

... but there are green shoots and signs of recovery



LOGISTICS

Storepersons
34,000 (28%)

Importers, exporters
and wholesalers
14,000 (16%)

Supply/dist procure
managers
11,000 (32%)



TECHNOLOGY

Software/app
programmers
22,000 (17%)

Multimedia/web dev's
15,000 (292%)

Database and systems
administrators, and
ICT security specialists
14,000 (34%)



HEALTH & MEDICAL

Pharmacists
14,000 (58%)

General practitioners
5,000 (8%)

Ambulance/
paramedics
4,000 (22%)



AGRICULTURE

Crop farm workers
12,000 (54%)

Agric plant operators
7,000 (84%)

Livestock farmers
4,000 (3%)

THE ABS SURVEY-BASED OCCUPATION DATA SET ALSO SHOWS WHERE JOB GROWTH WAS GREATEST OVER THE 12 MONTHS TO FEBRUARY 2021.

Jobs in logistics, technology, healthcare and agribusiness expanded over this timeframe.

Jobs like storeperson jumped by 34,000. Also on the rise were jobs for multimedia managers and web developers, up 15,000 positions; pharmacists jobs were up 14,000 positions; and crop farmer workers, up 12,000 positions. This data set shows that there were opportunities for small business and sole traders even during the pandemic.

Twelve selected leading job-gain occupations out of total 430 categories identified by ABS survey

Source: ABS 6291 Labour Force Survey, Leading job gains by occupation in Australia, February 2020 to February 2021



CASE STUDY

The Founder: Navigating the journey from healthcare professional to health tech startup CEO

Since leaving a clinical role to follow her dreams of building an app to help people with chronic health conditions, Stephanie Mascarenhas has found strength, support and camaraderie within Sydney's startup ecosystem community.

2020 was a big year for healthcare workers. But spare a thought for Stephanie Mascarenhas who worked full-time as a Clinical Scientist with NSW Health, then used any free time she had to build an app that helps people take control of their health.

“Over the years I've spoken to thousands of people about their health and one of the greatest problems they face is managing it.

Between seeing specialists, remembering medications, organising appointments, and safely storing vital health records, health management can feel like you're drowning in a sea of never-ending stress,” explains Stephanie, founder of Handy Health, an all-in-one health management app. It's designed to help Australians keep track of every aspect of their health including medications, records, and appointments.

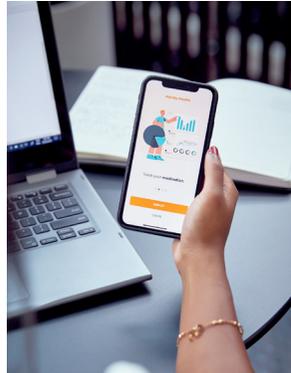
In the past, reminder methods such as pillboxes, calendars and phone alerts helped people manage their medications and appointments. But these options are tedious, time-consuming, and prone to mistakes that can have serious consequences.

“The current methods of health management are stressful and confusing. I’ve seen the devastating outcomes in my patients and my own family members and that inspired me to take action” says Stephanie.

As a frontline healthcare worker treating high-risk patients with respiratory issues, Stephanie found it tricky to balance the demands of a clinical role with developing the app, especially as COVID-19 unfolded.

Despite the challenges, she knew the concept would help Australians maintain their wellbeing.

“I’m deeply passionate about health – for all people – and that energy drove me to make a real difference,” says Stephanie.



Taking the leap

Inspired by the risks Steve Jobs took during his entrepreneurial journey, Stephanie recently went all in on the business by leaving her clinical role to focus on the app.

“I profoundly believe in what I’m doing. I’ve discovered my life’s mission and that is to serve the people of this world. No risk can deter me from my goals,” she says.

Stephanie isn’t the only one who believes in Handy Health’s potential. Her family are investors, as well as her fiancé who she considers a partner in business as well as in life.

A big believer in patient-centred care as the key to a robust healthcare system, Stephanie developed Handy Health as a SaaS product, available as a free app with an option to upgrade to a premium version.

With medication-related hospital admissions costing Australia an estimated [\\$1.2 billion dollars](#) each year, the app is not only helping individuals but also addressing a significant burden on the nation’s healthcare system.

Outsourcing for efficiency

While Stephanie knew she had a great idea for an app, the technical process of building it was beyond her skills. Finding experienced professionals to help bring her vision to life was essential.

“Being in a clinical setting was all I ever knew so I had to develop my technical skill set. The hardest part was finding the time to sit down and learn about it,” explains Stephanie. So she hired a software development team to help her build the app and bring her vision to life.

Stephanie also receives help with the numbers side of the business. By using Xero and engaging an accountant, Stephanie has minimised the time she spends on the back end of the business.

“I needed someone or something to handle the accounting side so I could focus on strategising, innovating, and growing the business. We now have an accountant who takes care of our BAS and financial statements through Xero. It’s such an easy, seamless process,” says Stephanie.



Joining the startup scene

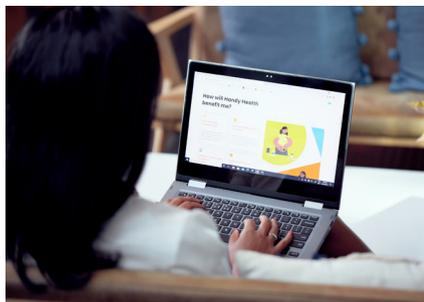
In the past few years, Sydney's inner-city suburb of Haymarket has emerged as an entrepreneurial hub, alive with university students and startup founders from diverse cultural backgrounds.

Stephanie is just one of many founders who have tapped into the scene via a six-week accelerator program held at Haymarket HQ, a co-working space that also supports startups and small businesses to find new markets.

"It's been amazing. Within this community I've learnt so much about startups, raising capital and pitching to investors," Stephanie explains.

Apart from connecting her with mentors and other entrepreneurs, the program has exposed Stephanie to fresh ideas and new ways of thinking.

"It's great to see young people identifying problems and finding new ways to solve those problems with technology. It's cultivated an innovative mindset in me and an unrelenting courage to challenge the norm," says Stephanie.



Stephanie's tips for pursuing your business dreams:

1. Become a believer

The only limitations are the ones we place on ourselves, so it's vital to develop unshakable self-belief that you can achieve your goal.

2. Prioritise personal development

Listen to podcasts and read books by thought leaders to build your skills, create a positive mindset, and learn about the path other entrepreneurs have walked. After all, success follows success.

3. Get with the program

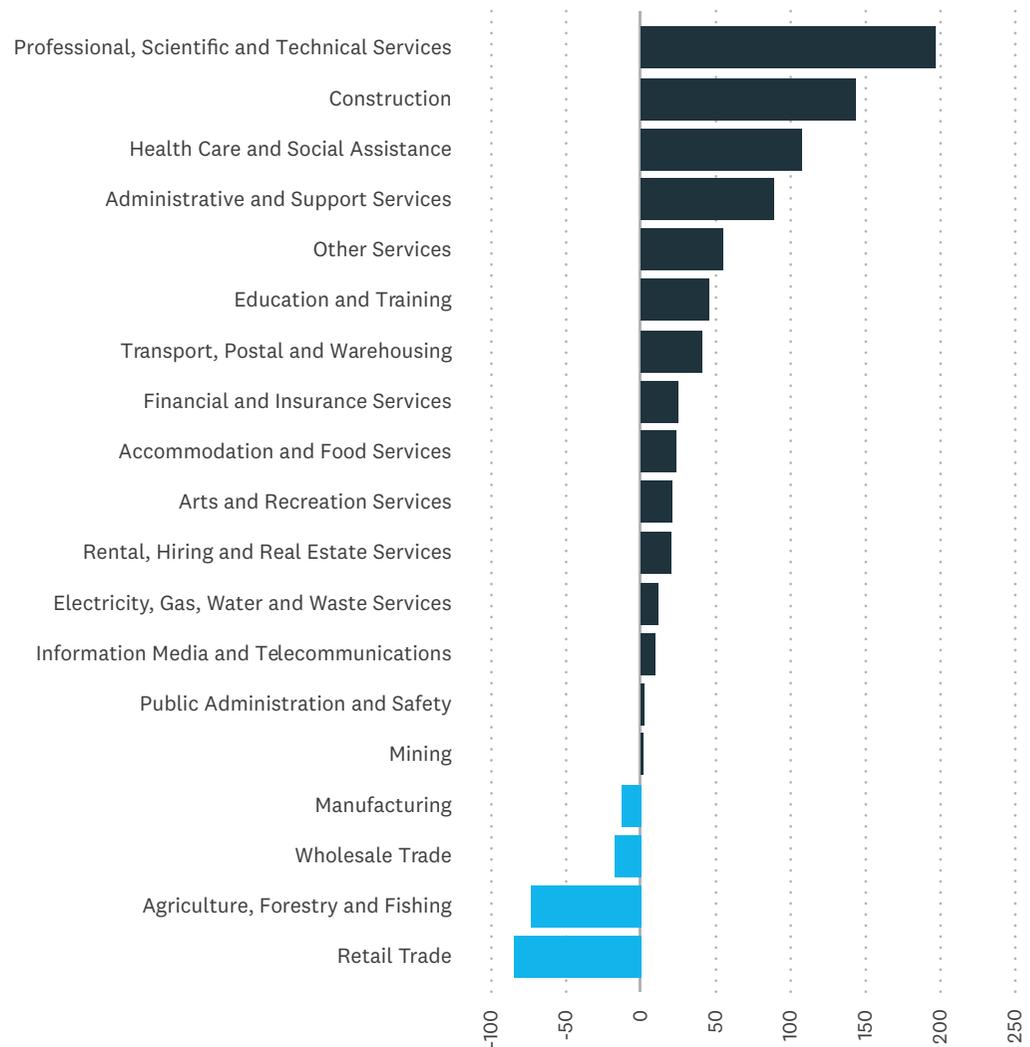
Look to join an accelerator or incubator program to fast-track your growth, meet mentors, and connect with other entrepreneurs.

Business is morphing, from farms and shops to offices and homes

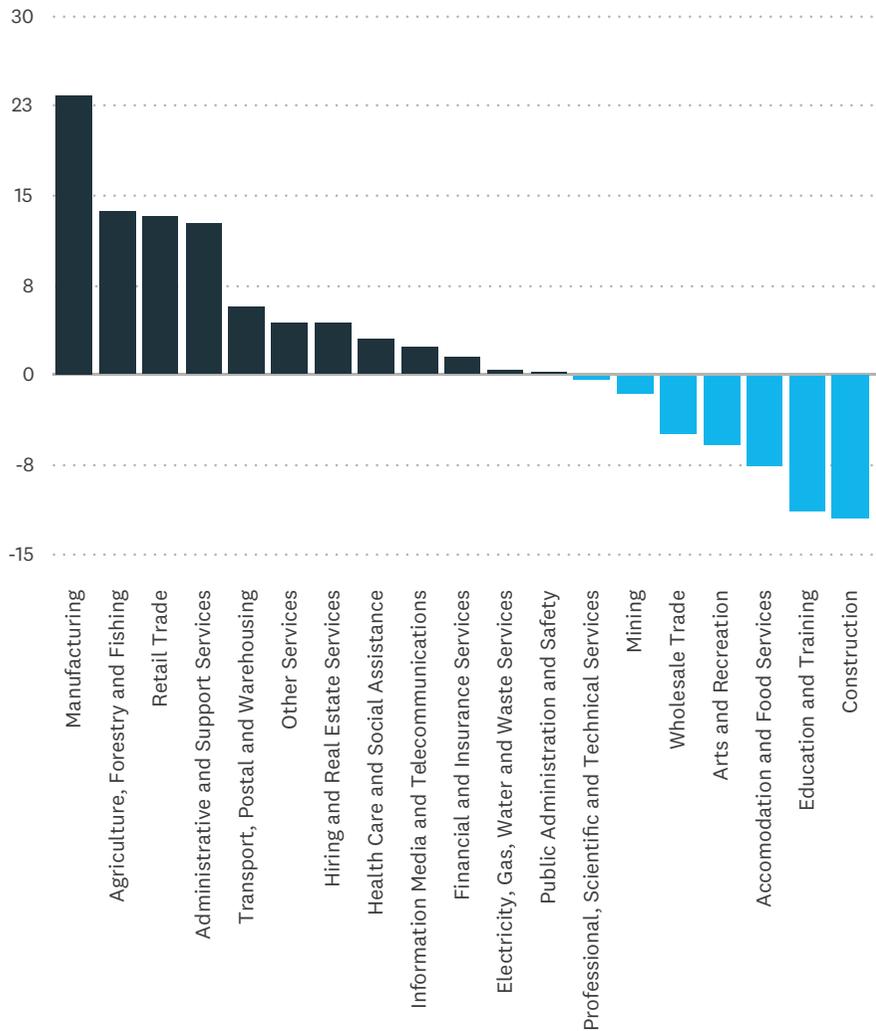
THE MEGATRENDS RESHAPING THE WORKFORCE, AND THE BUSINESSES SUPPORTING DEMAND FOR LABOUR, ARE EVIDENT IN THIS BAR CHART WHICH TRACKS THE RISE AND FALL OF WORKERS WHO DESCRIBED THEIR OCCUPATION AS BUSINESS OWNER/MANAGER BETWEEN FEBRUARY 1991 AND FEBRUARY 2020.

This perspective shows the trends that were in place leading up to the pandemic year.

It showcases a rise in demand for business owners and managers in knowledge work, defined as including professional services, skilled construction work, (skilled work) and healthcare. Over the longer term, the number of workers who described their occupation as a business owner/manager in retail trade, agriculture, wholesale trade and manufacturing decreased.



Business owner/managers by industry: net change (000s) from February 1991 to February 2020
Source: ABS Labour Force



Business owner/managers by industry: net change (000s) from February 1991 to February 2020. Source: ABS Labour Force

The pandemic has impacted business in retail, construction and hospitality

BETWEEN FEBRUARY 2020 AND FEBRUARY 2021 (ARGUABLY THE CORE PERIOD OF THE PANDEMIC SO FAR IN AUSTRALIA), A DIFFERENT SET OF DRIVERS IMPACTED AUSTRALIAN BUSINESSES AND WORKFORCE.

There was an increase in the number of workers who described their occupation as a business owner/manager in sectors like manufacturing, agriculture, retail trade and administrative support as well as others.

On the other hand, the number of workers in construction, education and training, accommodation and food (hospitality) as well as other services who described their job as business owner/manager, contracted during the year. The issue for small businesses is that they are apt to rise and fall, often because of megatrends and the broader economic outlook, population growth, the rise of a cafe society, and the rising demand for a more skilled workforce. The reverse is also true in that a mega-event like a pandemic that forces border closures for an extended period negatively impacts demand (or opportunity) for business owners and managers in construction, education, hospitality, and arts and entertainment.

Some jobs seem to be pandemic-proof

EVERY QUARTER FOR 30 YEARS, THE ABS HAS ESTIMATED THE NUMBER OF WORKERS ACROSS 430 OCCUPATIONS.

This table shows the top 20 occupations ranked by net growth in worker numbers over the twelve months to February 2021.

In net terms the greatest increase in jobs during the pandemic year was in sales assistants (general), up 41,181 positions between February 2020 and February 2021. This was followed by heightened demand for storepersons (up 34,463), accountants (up 31,336), retail managers (up 23,073), and software and applications programmers (up 22,056). In percentage terms, the greatest increase (within this top 20 cohort) was a 292 per cent increase in the number of multimedia specialists and web developers. Geeks were clearly in hot demand during the pandemic as businesses large and small moved online.

Rank	Occupation	Jobs in Feb 2021	Job increases Feb 2020 - Feb 2021	Job increases Feb 2020 - Feb 2021 (%)
1	Sales Assistants (General)	570,090	41,181	8%
2	Storepersons	159,349	34,463	28%
3	Accountants	210,667	31,336	17%
4	Retail Managers	257,822	23,073	10%
5	Software and Application Programmers	150,736	22,056	17%
6	Primary School Teachers	168,794	21,675	15%
7	Other Information and Organisational Professionals	56,685	19,883	54%
8	Solicitors	94,588	17,784	23%
9	Multimedia Specialists and Web Developers	20,633	15,373	292%
10	Shelf Fillers	80,915	15,356	23%
11	Importers, Exporters and Wholesalers	36,939	13,970	61%
12	Pharmacists	37,893	13,917	58%
13	Database and Systems Administrators, and ICT Security Specialists	54,031	13,624	34%
14	Hairdressers	71,857	13,339	23%
15	Other Building and Engineering Technicians	42,649	13,234	45%
16	Vocational Education Teachers	42,929	13,071	44%
17	Call or Contact Centre and Customer Service Managers	42,096	12,888	44%
18	Crop Farm Workers	34,347	12,015	54%
19	Supply, Distribution and Procurement Managers	47,612	11,406	32%
20	Journalists and Other Writers	34,406	11,182	48%
	Total Occupations	13,053,912	897	0.01%

COVID's green shoots: top 20 expanding occupations, February 2020 to February 2021

Source: ABS Labour Force

CASE STUDY

Growing season: Building a purpose- driven business during a pandemic

Leaving a salaried role to start a new business is a bold risk to take, but one that's paid off for Emily Ridley of Emerge Advisory, an accounting and bookkeeping practice dedicated to helping small business owners thrive in an all new world.

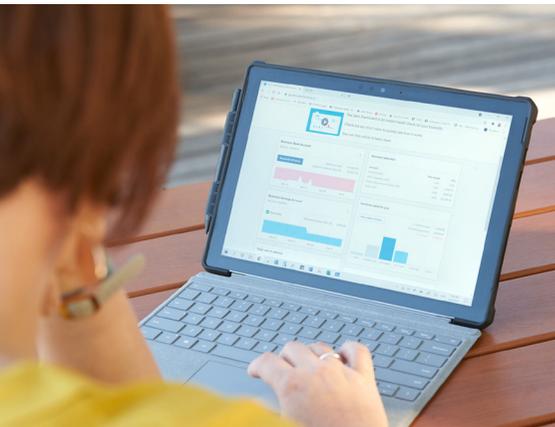


For Queensland-based small business advisor Emily Ridley, the first day of July 2020 represented much more than a new financial year. It was on this day that she took a leap of faith and began running her own business.

Leaving behind a secure role in a multi-office accounting practice is a big step to take but, as for many others, the pandemic forced Emily to reassess what she wanted out of life and work.

“Last year, I discovered it was more important for me to focus on caring for my clients by making those ‘Are you okay?’ calls than focus on billable work,” explains Emily.

With her former employer supportive of her new business, Emily launched Emerge Advisory, a people-centred practice aimed at helping small businesses emerge from the pandemic stronger and better than before.



Seeding new growth

Launching a new business during a time of global instability requires courage, but also ingenuity. To find new clients Emily deployed a clever, low-cost marketing strategy.

“Right before lockdown, my partner and I moved to a brand new suburb in Queensland. There are tradies everywhere and houses going up left, right and centre. There’s a ute parked in every second driveway, and every house has a new garden,” explains Emily.

With the pandemic driving people to leave Melbourne and Sydney, Emily identified newcomers to Queensland as potential clients, as well as busy tradies and other small business owners benefiting from eased restrictions driving more people into the state.

To capture their attention, Emily put her business branding on packets of plant seeds, along with pun-filled taglines such as ‘Lettuce help your business grow’ and ‘We offer sage business advice’.

“I did a mailbox drop of 650 seed packets around the housing estate. They’re cheesy, but they got people talking. I’ve got clients directly from those seeds and referrals from being tagged in Facebook posts,” says Emily.

Small business in bloom

Emily’s clients are a mix of sole traders and small business owners working in trades and services, many of them also inspired to set up their own business during the pandemic.

“I’ve set up so many new company structures in the past year. Covid has given us a different perspective on how the world can work. People are now more empowered to go out on their own. It’s been an amazing, heartbreaking, treacherous, horrible year, but it’s also been exciting to see so many people take that brave step of going out on their own,” she says.

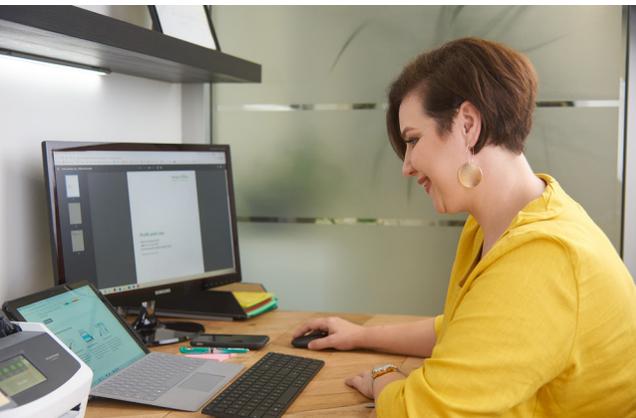
Starting off working from home during the lockdown, the business soon outgrew her home office. Moving into a co-working space in Scarborough has allowed Emily to grow the business, be more productive, and meet others within the local business community.

“I’ve picked up so many clients from being in that building. We’ve grown significantly faster than planned, so it’s essential to have a great team behind me because I can’t do it alone,” says Emily, who now has four employees helping to run the business.

Wowed by the cloud

As a 100% cloud-based firm, Emerge Advisory has introduced many clients to the world of online accounting. Emily explains that clients are often amazed at the difference Xero and integrated apps have made to their business.

“One client used 17 different colour-coded spreadsheets to track and manage staff, invoicing, and job management. I’d never seen anything like it,” explains Emily.



After trialling a few different methods, Emily found Xero Projects was the solution this business was looking for.

“Within 24 hours of adopting Xero Projects, they’d stopped using the spreadsheets. It saved the team so much time and made coming to work more enjoyable. I got so many grateful phone calls from them,” says Emily.

Finding purpose

Despite her business going from strength to strength, Emily admits that imposter syndrome sometimes rears its head.

“Some days, I wake up in the morning and think, ‘Can I really do this?’” she says, before adding that sharing her concerns with other advisors helps her to gain some perspective when she’s feeling overwhelmed.

Despite the occasional doubts, Emily finds running her own business highly rewarding because it’s aligned with her purpose.

“One of the best parts of my job is being able to listen and reassure clients that someone cares. Whether they’re worried about a tax debt or falling behind in superannuation payments, it feels good to know I can do something meaningful to help,” says Emily.

Emily’s tips for setting up your own practice:

1. Master your tasks

Whether you use Xero Projects or another online tool, task management is essential. Writing things down on paper just isn’t as efficient.

2. Cultivate camaraderie

You’re not expected to know everything, especially when you’re starting out. If you’re struggling, reach out to other people in the industry for advice.

3. Share it around

Sharing expertise and referring business to others helps to build relationships within the industry and drives the best outcomes for your clients, especially if the work isn’t within your area of expertise.

The job market was hollowing out; now it's just bunching up

Skill Level (example)	February 2021	Percentage Change Feb 19-Feb 20	Percentage Change Feb 20-Feb 21
1. Nurse; Engineer	4.3m	5%	5%
2. Police; Office Manager	1.4m	1%	-3%
3. Mechanic; Secretary	1.7m	-3%	0%
4. Machine Operator; Production Worker	3.4m	1%	-2%
5. Sales Assistant; Kitchenhand	2.1m	3%	-4%
Total	13m	2%	0%

Change in jobs by skill level, February 2020 to February 2021

Source: ABS Labour Force

THE ABS CLASSIFIES EVERY JOB ACCORDING TO ONE OF A SERIES OF SKILL LEVELS REQUIRED TO PERFORM THAT WORK.

The five skill levels range from the most skilled, such as engineers, to the least skilled, such as kitchen hands.

Prior to the pandemic, between February 2019 and February 2020, job growth focused on the upper and lower ends of the skill levels. However, over the following twelve months to February 2021, job growth occurred only at the uppermost skill level.

Notably however, there was no real change in the number of mid-level (skill Level 3) jobs over this period. The pandemic has heightened demand for skilled knowledge (and essential) workers at the uppermost level, and it is also evident that there are mid-level skills that are also in rising demand.

At an aggregate level there were more Australians 'in work' in February 2021 than there were immediately prior to the pandemic. Job losses amongst the unskilled and the least skilled have been replaced by job gains amongst workers working in skill Level 3 and skill Level 5 jobs.

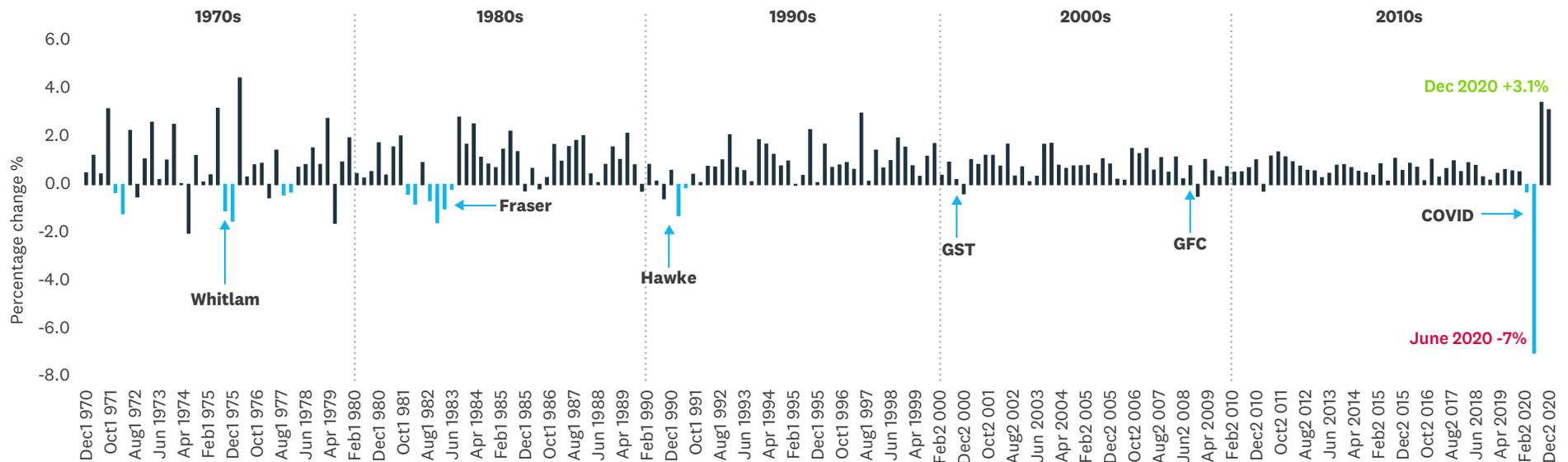
GDP is the megatrend that shapes the landscape for small business

THIS TABLE SHOWS THE PERCENTAGE CHANGE IN THE AUSTRALIAN GROSS DOMESTIC PRODUCT (GDP OR NATIONAL INCOME) QUARTER BY QUARTER BETWEEN 1970 AND 2020.

In the June quarter of 2020, the Australian GDP dropped by 7% when compared with the March quarter.

In the following September and December quarters, Australia's response was growth (in each quarter) by more than 3%.

After a long boom of 29 years which had created the expectation that it would continue, a pandemic-induced downturn pushed Australia into a technical recession. However, clearly, the economy began to rebound in the second half of 2020.



Percentage change in Australia's gross domestic product quarter-to-quarter growth rate (constant prices) from 1970 to 2020

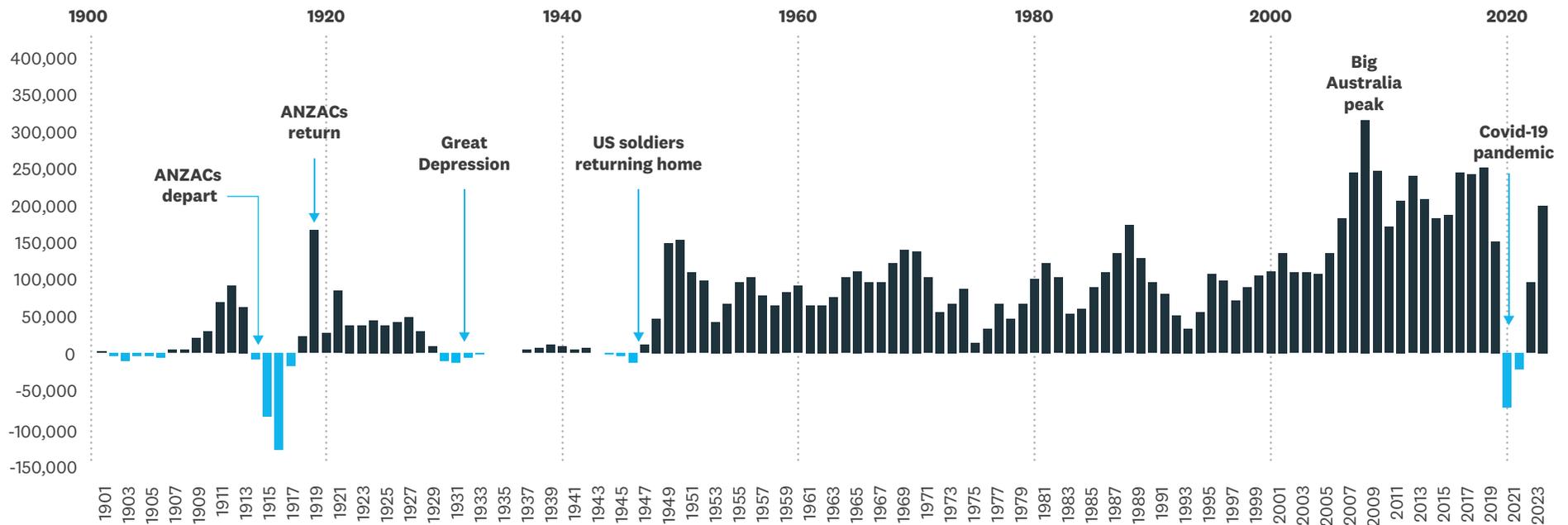
Source: ABS, Australian National Accounts (Cat. 5206, released March 2021), The Demographics Group

Pandemic potholes on the road to rebuilding business

THE MEGATREND SHAPING THE OUTLOOK FOR ALL AUSTRALIAN BUSINESS SINCE WWII HAS BEEN IMMIGRATION.

Assumptions published in the Federal budget papers released in November 2020 show that, for the first time since the war, Australia is expected to experience a net out-migration of 70,000 people in the 2020/21 financial year.

This is expected to soften to a net outflow of 30,000 the following year. The scale and context of the net out-migration has implications for demand levels for housing, education services, retail and other related businesses. The recovery thus far has been strong but a large part of the economy – namely construction, hospitality and aviation – is dependent upon immigration being restored, at least in part.



Historical net overseas migration in Australia from 1901 to 2019 and budget forecasts to 2024

Source: ABS 3105, 3101 and 3222; Australian Federal Budget 2020; The Demographics Group

Soletrader scale-up is key to the recovery

The primary data source underpinning this report measures business counts (based on ABN data) tagged by industry, postcode and enterprise employment size.

The data set relates to a point in time – 30 June 2020 – roughly four months into the effects of the coronavirus pandemic in Australia. Further lockdowns followed in the period from July to October, and also in the first half of 2021 which will affect the business count numbers when next measured in June 2021 and published in February 2022.

The most recent data shows that the broad, flat base of Australian business – sole traders – has continued to expand at the same rate as in the pre-pandemic year.

All other enterprise categories of business who employed workers slowed or contracted, most likely because of the pandemic. In the previous year ending June 2019, all five main employment categories of Australian business increased. The survival and the net growth of sole traders shows the resilience of this part of the business community, but also reflects the adaptability that is required in calamitous times.

GDP figures show that in the second half of 2020 Australia was recovering well – perhaps better than most countries – and so we can be hopeful, if not confident, about the future. It also suggests that in due course, the large base of sole traders in Australia is indeed likely to scale up, employ workers and move into the microbusiness category. In this sense, an important driver in the economic recovery of the Australian economy is the role to be played by sole traders and small business.

