

EXPERIMENTAL ESTIMATES, ENTRIES AND EXITS OF BUSINESS ENTITIES

New
Issue

AUSTRALIA

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INQUIRIES

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Murray Klee on Canberra (02) 6252 5452.

INTRODUCTION

This publication presents estimates of entries and exits of business entities. The objective of the data series is to provide statistical information on the number of business entity entries, and their survival, as well as the number of business entity exits. The conceptual framework underpinning the data was developed in close cooperation with a number of government agencies, primarily the Office of Small Business in the Department of Industry, Tourism and Resources. A copy of the conceptual framework is available on request. As this is the first publication produced using this framework, it has been designated as experimental. The ABS invites feedback on these estimates. Comments should be provided to the Director, Business Demographics and Frames Section, Australian Bureau of Statistics, Locked Bag 10, Belconnen, ACT, 2616 or emailed to <business.demography@abs.gov.au>.

SOURCE OF DATA

The estimates contained in this publication are directly sourced from the Australian Business Register (ABR) which is maintained by the Australian Taxation Office (ATO). The ABR contains details of business entities which have been allocated an Australian Business Number (ABN). The counts of business entities presented in this publication are therefore effectively counts of unique ABNs with selected characteristics, for example, they are new to the relevant reference period (i.e. 'entries'). The estimates do not include business entities which are not registered on the ABR, for example, business entities which have turnover below the designated GST threshold and which have not voluntarily registered.

The ABR is considered the best source available for counts of business entries and exits because of the timely nature in which it is updated for such events. Other potential sources such as the ABS Business Register, while more suitable for most statistical purposes than the ABR, is less suitable for timely information on business entries and exits.

The ABR contains details for all business entities carrying on an enterprise in Australia and those which in the course of carrying on an enterprise, make supplies that are connected with Australia. As at June 2004, the ABR contained around 5 million registered entities. The estimates presented in this publication do not cover all of these entities.

The most significant exclusions are:

- entities which do not have an active tax role; and
- all government entities (see paragraph 21 of the Explanatory Notes).

In other words, the estimates presented in this publication only cover private sector entities which were economically active (i.e. had an active tax role) in the reference periods.

RELATED PUBLICATIONS

Other ABS publications which may be of interest are :

- *Business Exits, Australia, 1994–95, and 1995–96* (cat. no. 8144.0);
- *Australian Business Register – Counts of ABNs, June 2001* (cat. no. 1369.0.55.001);
- *Small Business in Australia, 2001* (cat. no. 1321.0);
- *Characteristics of Small Business, Australia, 2004* (cat. no. 8127.0);
- *Australian Industry, 2001–02 and 2002–03* (cat. no. 8155.0).

COMPARISONS WITH OTHER DATA

Users interested in comparing counts of businesses contained in this publication with counts in other ABS publications and with counts published by the ATO should do so

with care as the counts in other publications may relate to different types of business units and have differences in scope and coverage (see paragraphs 18 to 21 of the Explanatory Notes for the scope and coverage of the counts in this publication).

INAPPROPRIATE USE OF
THESE ESTIMATES

Users are cautioned against using these data to draw conclusions about the growth or decline in the overall number of businesses operating in the Australian economy. This is not their intended purpose and to use the data in this way could lead to false conclusions (see paragraphs 4 to 10 and 23 to 24 of the Explanatory Notes). Rather the data presented in this publication are intended to be used to analyse the gross flows of business entities into and out of the Australian economy, and the survival rates of entries.

UNPUBLISHED STATISTICS

More detailed statistics from this publication are available on request. For example, many of the statistics presented may be available by different cross classifications.

FUTURE PLANS

The ABS is considering publishing these estimates for future years, and also conducting collections to determine reasons for entry and exits. Future plans depend on user feedback to the usefulness of these estimates and to the availability of resources to undertake the work.

ACKNOWLEDGMENTS

ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. The ABS wishes to acknowledge the support the ATO has provided in compiling the statistics presented in this publication. Without such support the wide range of statistics published by the ABS would not be possible.

Dennis Trewin
Australian Statistician

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CHAPTER 1

SUMMARY OF FINDINGS

SUMMARY OF FINDINGS

This publication summarises the inflow and outflow of business entities from the Australian economy, ie. entries and exits. It is based on data collected by the ABR and provided to the ABS on the number and types of business entity entries and exits over a three year period.

ENTRIES

- In 2003–04, there were 354,280 private sector business entity entries (entry rate of 11.2%). In 2002–03 and 2001–02, there were 329,907 (11.2%) and 334,266 entries (11.4%), respectively.
- The largest number of entries by industry in 2003–04 occurred in Property and business services (84,380).
- The most common type of business entity (TOBE) structure for entries registered in 2003–04 was Unincorporated entities (160,707).

EXITS

- In 2003–04, there were 128,139 exits (exit rate of 4.1%) and in 2002–03 there were 126,829 exits (4.3%).
- The industry with the largest exit rate in 2003–04 was Accommodation, cafes and restaurants at 7.9%
- In 2001–02, there was an unusually large number of exits (335,853). This consisted of some genuine exits, but also comprised a large number due to individuals incorrectly registering for an ABN in first year of operation of A New Tax System. The 2001–02 data should be treated with caution as the ATO is unable to distinguish genuine exits that occurred in this reference period from those cancellations associated with incorrect registrations by individuals.

SURVIVAL OF ENTRIES

- The survival rate of 2001–02 entries was 92.3% after one year. By 2003–04, 87.6% of 2001–02 entries had survived.
- Of those business entities which entered during the 2002–03 financial year, 91.9% had survived by 2003–04.

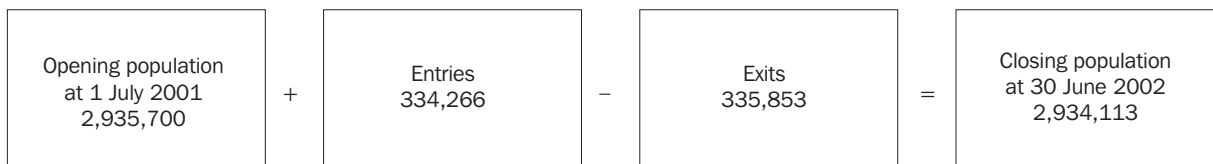
CHAPTER **2**

STRUCTURE OF ENTRIES AND EXITS OF BUSINESS ENTITIES

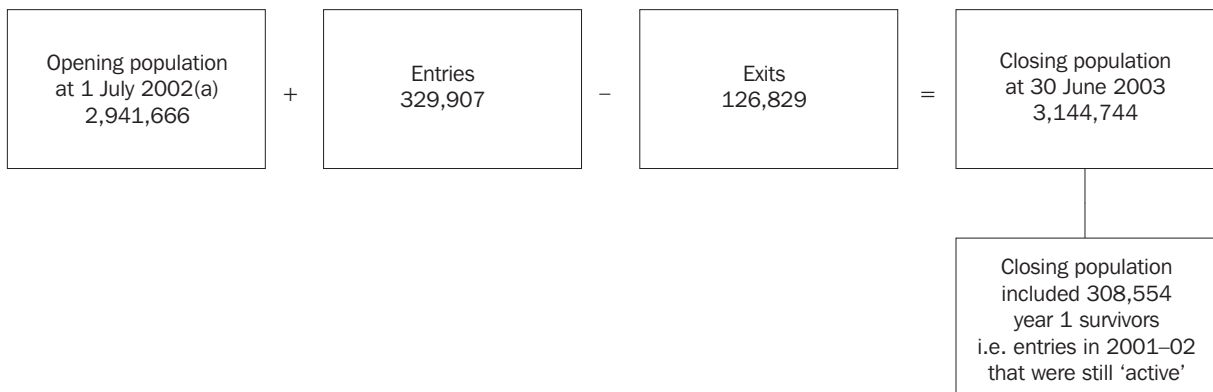
STRUCTURE OF ENTRIES AND EXITS OF BUSINESS ENTITIES

The following diagrams illustrate the business entity entry and exit activity for each reference year included in this publication.

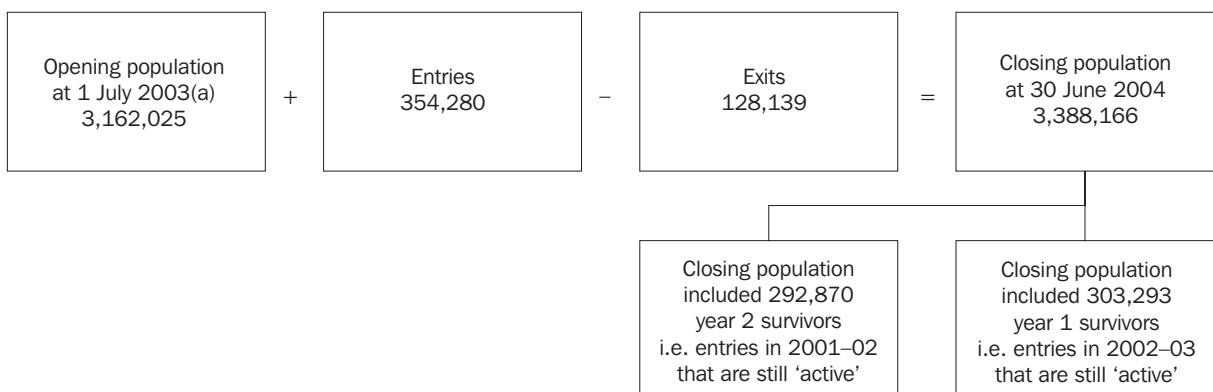
ENTRIES AND EXITS OF BUSINESS ENTITIES DURING 2001-02



ENTRIES AND EXITS OF BUSINESS ENTITIES DURING 2002-03



ENTRIES AND EXITS OF BUSINESS ENTITIES DURING 2003-04



(a) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

ENTRIES

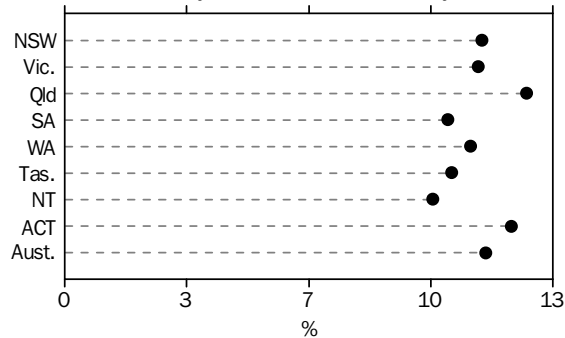
- In 2003–04, there were 354,280 private sector business entity entries (entry rate of 11.2%). In 2002–03 and 2001–02, there were 329,907 (11.2%) and 334,266 entries (11.4%), respectively

Entries by industry

- In 2003–04, Property and business services accounted for 23.8% of entries (84,380), followed by Construction (14.8% or 52,605 entries) and Finance and insurance (10.7% or 37,841 entries).
- Electricity, gas and water, recorded the highest entry rate in both 2002–03 and 2003–04 at 28.1% and 25.3% respectively. In 2001–02, Communication services had the highest entry rate at 15.4%.
- The lowest entry rate in each financial year (2003–04, 2002–03, and 2001–02) was recorded by Agriculture, forestry and fishing at 7.4%, 6.9% and 6.8% respectively.

Entries by state and territory

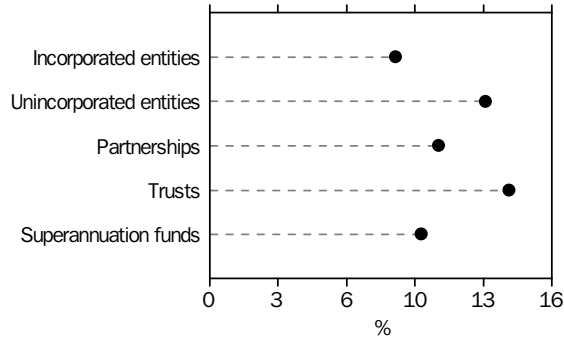
ENTRY RATE, By state and territory: 2003–04



- In 2003–04, the state or territory with the highest entry rate was Queensland at 12.3%, followed by the Australian Capital Territory at 11.9%. The lowest entry rate was recorded by Northern Territory in 2003–04 at 9.8% (compared with the national average of 11.2%).
- The state or territory with the highest entry rate in both 2002–03 and 2001–02 was the Australian Capital Territory at 12.1% and 12.2%, respectively. In both 2002–03 and 2001–02 Tasmania recorded the lowest entry rate, with 9.5% and 9.2%, respectively.

Entries by type of business entity

ENTRY RATE, By type of business entity: 2003–04



- The legal structure most often adopted by entries was an Unincorporated entity with 160,707 entries (entry rate of 8.7%) in 2003–04. While Unincorporated entities made up 39.5% of population at 1 July 2003, they contributed 45.4% of the entries in that year.
- Trusts recorded the largest entry rate in 2003–04 at 14.0%.

Entries by size

- The majority of entries in 2003–04 were in the small employing and the non-employing categories. Combined, these two categories accounted for 99.1% of all entries in 2003–04, 70.0% being non-employing businesses and 29.1% small employing.
- The large/medium employing category recorded a low entry rate of 3.3% in 2003–04. Micro employing businesses reported an entry rate of 12.3% compared with the total average of 11.2%.

3.1**ENTRIES, By industry**

<i>Industry</i>	<i>Business entities at 1 July(a)</i>	<i>Entries</i>	<i>Proportion of entries</i>	<i>Entry rate</i>
	no.	no.	%	%
2001–02				
Agriculture, forestry and fishing	283 572	19 177	5.7	6.8
Mining	9 907	996	0.3	10.1
Manufacturing	160 431	15 200	4.5	9.5
Electricity, gas and water supply	2 129	247	0.1	11.6
Construction	422 291	47 607	14.2	11.3
Wholesale trade	93 427	11 866	3.5	12.7
Retail trade	263 719	34 267	10.3	13.0
Accommodation, cafes and restaurants	62 550	9 042	2.7	14.5
Transport and storage	139 410	16 908	5.1	12.1
Communication services	35 033	5 404	1.6	15.4
Finance and insurance	398 395	35 371	10.6	8.9
Property and business services	658 937	90 693	27.1	13.8
Education	43 199	5 333	1.6	12.3
Health and community services	119 152	11 518	3.4	9.7
Cultural and recreational services	99 601	12 553	3.8	12.6
Personal and other services	127 046	15 264	4.6	12.0
n.e.c.(b)	16 901	2 820	0.8	16.7
All Industries	2 935 700	334 266	100.0	11.4
2002–03				
Agriculture, forestry and fishing	264 741	18 350	5.6	6.9
Mining	9 729	982	0.3	10.1
Manufacturing	158 729	13 136	4.0	8.3
Electricity, gas and water supply	2 156	606	0.2	28.1
Construction	438 014	48 606	14.7	11.1
Wholesale trade	98 179	11 834	3.6	12.1
Retail trade	267 587	32 921	10.0	12.3
Accommodation, cafes and restaurants	64 603	10 226	3.1	15.8
Transport and storage	146 993	17 294	5.2	11.8
Communication services	36 350	4 946	1.5	13.6
Finance and insurance	399 914	30 670	9.3	7.7
Property and business services	676 850	77 612	23.5	11.5
Education	35 607	4 748	1.4	13.3
Health and community services	121 119	12 234	3.7	10.1
Cultural and recreational services	91 533	12 614	3.8	13.8
Personal and other services	123 568	25 118	7.6	20.3
n.e.c.(b)	5 994	8 010	2.4	133.6
All Industries	2 941 666	329 907	100.0	11.2

(a) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

(b) Includes not elsewhere classified, and illegal ANZSIC classifications.

3.1ENTRIES, By industry *continued*

<i>Industry</i>	<i>Business entities at 1 July(a)</i>	<i>Entries</i>	<i>Proportion of entries</i>	<i>Entry rate</i>
	no.	no.	%	%
2003-04				
Agriculture, forestry and fishing	271 473	20 127	5.7	7.4
Mining	10 447	1 081	0.3	10.3
Manufacturing	165 464	13 235	3.7	8.0
Electricity, gas and water supply	2 644	668	0.2	25.3
Construction	473 365	52 605	14.8	11.1
Wholesale trade	106 453	12 323	3.5	11.6
Retail trade	283 619	34 909	9.9	12.3
Accommodation, cafes and restaurants	70 175	11 309	3.2	16.1
Transport and storage	158 745	18 328	5.2	11.5
Communication services	39 542	5 715	1.6	14.5
Finance and insurance	424 384	37 841	10.7	8.9
Property and business services	730 753	84 380	23.8	11.5
Education	39 018	4 878	1.4	12.5
Health and community services	130 575	12 939	3.7	9.9
Cultural and recreational services	99 781	9 842	2.8	9.9
Personal and other services	142 129	27 466	7.8	19.3
n.e.c. (b)	13 458	6 634	1.9	49.3
All Industries	3 162 025	354 280	100.0	11.2

- (a) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.
 (b) Includes not elsewhere classified, and illegal ANZSIC classifications.

3.2

ENTRIES, By state and territory(a)

State and territory	Business entities at 1 July(b)	Entries	Proportion of entries	Entry rate
	no.		%	%
2001-02				
New South Wales	1 011 066	116 882	35.0	11.6
Victoria	729 584	83 764	25.1	11.5
Queensland	543 548	64 894	19.4	11.9
South Australia	215 162	21 814	6.5	10.1
Western Australia	303 040	33 666	10.1	11.1
Tasmania	55 594	5 110	1.5	9.2
Northern Territory	23 013	2 673	0.8	11.6
Australian Capital Territory	39 748	4 851	1.5	12.2
n.e.c. (c)	14 945	612	0.2	4.1
Australia	2 935 700	334 266	100.0	11.4
2002-03				
New South Wales	1 024 508	115 882	35.1	11.3
Victoria	731 633	82 162	24.9	11.2
Queensland	545 638	65 086	19.7	11.9
South Australia	209 468	21 551	6.5	10.3
Western Australia	300 693	32 084	9.7	10.7
Tasmania	53 571	5 108	1.5	9.5
Northern Territory	22 800	2 361	0.7	10.4
Australian Capital Territory	40 037	4 841	1.5	12.1
n.e.c. (c)	13 318	832	0.3	6.2
Australia	2 941 666	329 907	100.0	11.2
2003-04				
New South Wales	1 107 906	123 291	34.8	11.1
Victoria	788 833	86 511	24.4	11.0
Queensland	589 959	72 818	20.6	12.3
South Australia	223 287	22 862	6.5	10.2
Western Australia	320 906	34 611	9.8	10.8
Tasmania	56 843	5 834	1.6	10.3
Northern Territory	24 029	2 347	0.7	9.8
Australian Capital Territory	43 506	5 172	1.5	11.9
n.e.c. (c)	6 756	834	0.2	12.3
Australia	3 162 025	354 280	100.0	11.2

(a) See Explanatory Notes paragraph 22 for details of treatment of multi-state business entities.

(b) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

(c) Includes not elsewhere classified, and illegal state and territory classifications.

3.3 ENTRIES, By type of business entity(a)

Type of business entity	2001-02				2002-03			
	Business entities at 1 July(b)	Entries	Proportion of entries	Entry rate	Business entities at 1 July(b)	Entries	Proportion of Entries	Entry rate
	no.	no.	%	%	no.	no.	%	%
Incorporated entities								
Cooperative	2 179	105	—	4.8	2 184	67	—	3.1
Private company	716 301	68 575	20.5	9.6	767 391	70 879	21.5	9.2
Public company	16 082	1 276	0.4	7.9	16 634	1 234	0.4	7.4
Strata title	45 241	5 253	1.6	11.6	49 536	1 132	0.3	2.3
Other incorporated entities	34 219	3 111	0.9	9.1	35 218	2 634	0.8	7.5
<i>Total</i>	<i>814 022</i>	<i>78 320</i>	<i>23.4</i>	<i>9.6</i>	<i>870 963</i>	<i>75 946</i>	<i>23.0</i>	<i>8.7</i>
Unincorporated entities								
Individual	1 080 819	165 498	49.5	15.3	1 094 567	157 654	47.8	14.4
Other unincorporated entities	27 209	1 586	0.5	5.8	27 019	944	0.3	3.5
<i>Total</i>	<i>1 108 028</i>	<i>167 084</i>	<i>50.0</i>	<i>15.1</i>	<i>1 121 586</i>	<i>158 598</i>	<i>48.1</i>	<i>14.1</i>
Partnerships								
Family	396 269	27 337	8.2	6.9	358 706	27 871	8.4	7.8
Limited	1 460	714	0.2	48.9	1 742	312	0.1	17.9
Other	109 551	20 998	6.3	19.2	109 160	19 054	5.8	17.5
<i>Total</i>	<i>507 280</i>	<i>49 049</i>	<i>14.7</i>	<i>9.7</i>	<i>469 608</i>	<i>47 237</i>	<i>14.3</i>	<i>10.1</i>
Trusts								
Corporate unit trust	1 290	518	0.2	40.2	1 478	359	0.1	24.3
Deceased estate	1 987	625	0.2	31.5	1 849	729	0.2	39.4
Public trading trust	287	59	—	20.6	309	10	—	3.2
Other trust	301 082	21 420	6.4	7.1	268 390	31 556	9.6	11.8
<i>Total</i>	<i>304 646</i>	<i>22 622</i>	<i>6.8</i>	<i>7.4</i>	<i>272 026</i>	<i>32 654</i>	<i>9.9</i>	<i>12.0</i>
Superannuation funds(c)								
APRA regulated fund	2 021	962	0.3	47.6	3 128	628	0.2	20.1
Regulated self managed fund	14 533	15 394	4.6	105.9	30 424	14 644	4.4	48.1
Other fund	175 790	835	0.2	0.5	173 931	200	0.1	0.1
<i>Total</i>	<i>192 344</i>	<i>17 191</i>	<i>5.1</i>	<i>8.9</i>	<i>207 483</i>	<i>15 472</i>	<i>4.7</i>	<i>7.5</i>
n.e.c.(d)	9 380	—	—	—	—	—	—	—
Total	2 935 700	334 266	100.0	11.4	2 941 666	329 907	100.0	11.2

— nil or rounded to zero (including null cells)

(a) See Glossary for definition of type of business entity.

(b) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

(c) Superannuation funds are also trusts. They have been separated here for analytical purposes.

(d) Includes not elsewhere classified.

3.3 ENTRIES, By type of business entity(a) *continued*

2003-04				
<i>Type of business entity</i>	<i>Business entities at 1 July(b)</i>	<i>Entries</i>	<i>Proportion of Entries</i>	<i>Entry rate</i>
	no.	no.	%	%
Incorporated entities				
Cooperative	2 161	62	—	2.9
Private company	829 155	75 463	21.3	9.1
Public company	16 897	1 699	0.5	10.1
Strata title	50 313	1 213	0.3	2.4
Other incorporated entities	36 521	2 642	0.7	7.2
<i>Total</i>	<i>935 047</i>	<i>81 079</i>	<i>22.9</i>	<i>8.7</i>
Unincorporated entities				
Individual	1 221 650	159 837	45.1	13.1
Other unincorporated entities	26 591	870	0.2	3.3
<i>Total</i>	<i>1 248 241</i>	<i>160 707</i>	<i>45.4</i>	<i>12.9</i>
Partnerships				
Family	353 008	28 741	8.1	8.1
Limited	1 659	301	0.1	18.1
Other	111 407	20 910	5.9	18.8
<i>Total</i>	<i>466 074</i>	<i>49 952</i>	<i>14.1</i>	<i>10.7</i>
Trusts				
Corporate unit trust	1 558	230	0.1	14.8
Deceased estate	2 301	595	0.2	25.9
Public trading trust	270	24	—	8.9
Other trust	285 676	39 581	11.2	13.9
<i>Total</i>	<i>289 805</i>	<i>40 430</i>	<i>11.4</i>	<i>14.0</i>
Superannuation funds(c)				
APRA regulated fund	3 740	461	0.1	12.3
Regulated self managed fund	45 447	21 545	6.1	47.4
Other fund	173 671	106	—	0.1
<i>Total</i>	<i>222 858</i>	<i>22 112</i>	<i>6.2</i>	<i>9.9</i>
n.e.c.(d)	—	—	—	—
Total	3 162 025	354 280	100.0	11.2

— nil or rounded to zero (including null cells)

(a) See Glossary for definition of type of business entity.

(b) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

(c) Superannuation funds are also trusts. They have been separated here for analytical purposes.

(d) Includes not elsewhere classified.

3.4 ENTRIES, By business size(a)

<i>Business size</i>	<i>Business entities at 1 July(b)</i>	<i>Entries</i>	<i>Proportion of entries</i>	<i>Entry rate</i>
	no.	no.	%	%
2001-02				
Large/Medium employing	73 769	2 471	0.7	3.3
Small employing				
Micro	607 736	43 311	13.0	7.1
Other small	216 627	11 418	3.4	5.3
Total	824 363	54 729	16.4	6.6
Non-employed	2 037 568	277 066	82.9	13.6
Total	2 935 700	334 266	100.0	11.4
2002-03				
Large/Medium employing	88 609	3 063	0.9	3.5
Small employing				
Micro	633 082	80 782	24.5	12.8
Other small	241 075	15 880	4.8	6.6
Total	874 157	96 662	29.3	11.1
Non-employed	1 978 900	230 182	69.8	11.6
Total	2 941 666	329 907	100.0	11.2
2003-04				
Large/Medium employing	95 010	3 178	0.9	3.3
Small employing				
Micro	706 739	86 643	24.5	12.3
Other small	256 865	16 610	4.7	6.5
Total	963 604	103 253	29.1	10.7
Non-employed	2 103 411	247 849	70.0	11.8
Total	3 162 025	354 280	100.0	11.2

(a) See Glossary for definition of business size.

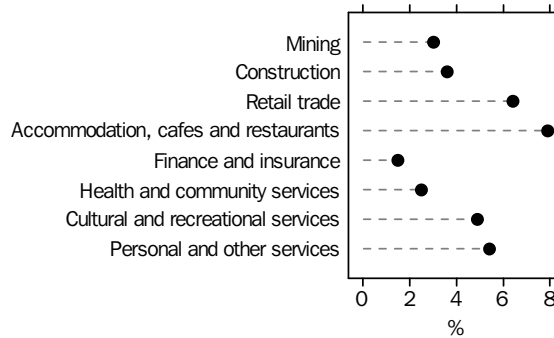
(b) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

EXITS

- In the private sector in Australia, there were 128,139 business entity exits (exit rate of 4.1%) in 2003–04. In the previous year, 2002–03, there were 126,829 exits (4.3%).
- In 2001–02, there was an unusually large number of exits (335,853). This consisted of some genuine exits, but also comprised a large number due to individuals incorrectly registering for an ABN in first year of operation of A New Tax System. The 2001–02 data should be treated with caution as the ATO is unable to distinguish genuine exits that occurred in this reference period from those cancellations associated with incorrect registrations by individuals.

Exits by industry

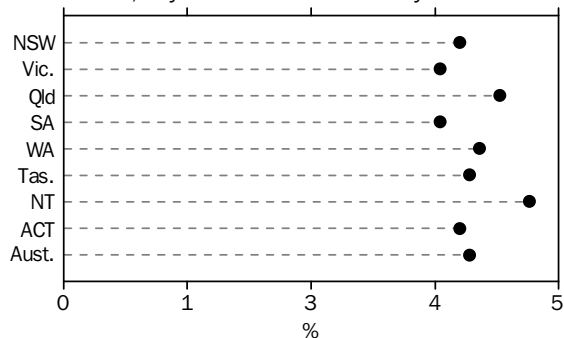
EXIT RATE, By selected industry: **2003–04**



- The industry with the largest exit rate in 2003–04 was Accommodation, cafes and restaurants at 7.9%, followed by Retail trade at 6.4%. The lowest exit rate in 2003–04 was in Finance and insurance at 1.5%, followed by Health and community services at 2.5%.
- In 2002–03, the largest exit rate occurred in Accommodation, cafes and restaurants at 7.9%, followed by Retail trade at 7.0%. The lowest exit rate in 2002–03 was in Finance and insurance at 1.7%, followed by Health and community services at 3.1%.

Exits by state and territory

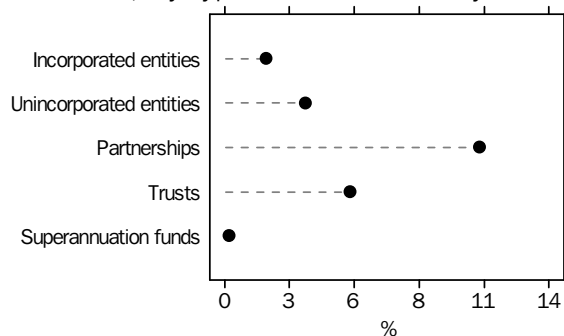
EXIT RATE, By state and territory: 2003–04



- The state or territory with the highest exit rate in 2003–04 was the Northern Territory at 4.7%. Queensland followed closely with an exit rate of 4.4%. In 2003–04, South Australia and Victoria each recorded the lowest exit rate of 3.8%.
- In 2002–03, the state or territory with the highest exit rate was shared by the Northern Territory, and Queensland at 5.0%.

Exits by type of business entity

EXIT RATE, By type of business entity: 2003–04



- In 2003–04, Partnerships accounted for 40.0% of all exits, followed by Unincorporated entities (33.9%) and Incorporated entities (13.4%).
- In 2003–04, Partnerships recorded the highest exit rate at 11.0%, followed by Trusts at 5.4%. The largest subcategory of Partnerships was Limited partnerships with an exit rate of 25.3%.
- For 2003–04, the lowest exit rate was recorded by the Superannuation funds category at 0.2%.

Exits by size

- In 2003–04 most exits were in the small employing, and non-employed categories. Combined, these categories comprised 98.6% of all exits, 72.2% for non-employed and 26.4% for small employing.
- In 2002–03, non-employed exits were 77.2%. Small employing exits accounted for 21.4% and Large/Medium exits made up 1.4%.

4.1

EXITS, By industry

<i>Industry</i>	<i>Business entities at 1 July(a)</i>	<i>Exits</i>	<i>Proportion of exits</i>	<i>Exit rate</i>
	no.		%	%
2001–02				
Agriculture, forestry and fishing	283 572	39 963	11.9	14.1
Mining	9 907	1 183	0.4	11.9
Manufacturing	160 431	17 617	5.2	11.0
Electricity, gas and water supply	2 129	168	0.1	7.9
Construction	422 291	35 242	10.5	8.3
Wholesale trade	93 427	7 881	2.3	8.4
Retail trade	263 719	31 950	9.5	12.1
Accommodation, cafes and restaurants	62 550	7 298	2.2	11.7
Transport and storage	139 410	10 623	3.2	7.6
Communication services	35 033	4 226	1.3	12.1
Finance and insurance	398 395	41 000	12.2	10.3
Property and business services	658 937	78 006	23.2	11.8
Education	43 199	6 163	1.8	14.3
Health and community services	119 152	10 136	3.0	8.5
Cultural and recreational services	99 601	21 979	6.5	22.1
Personal and other services	127 046	18 564	5.5	14.6
n.e.c.(b)	16 901	3 854	1.1	22.8
All Industries	2 935 700	335 853	100.0	11.4
2002–03				
Agriculture, forestry and fishing	264 741	13 351	10.5	5.0
Mining	9 729	342	0.3	3.5
Manufacturing	158 729	7 079	5.6	4.5
Electricity, gas and water supply	2 156	93	0.1	4.3
Construction	438 014	16 124	12.7	3.7
Wholesale trade	98 179	4 408	3.5	4.5
Retail trade	267 587	18 658	14.7	7.0
Accommodation, cafes and restaurants	64 603	5 099	4.0	7.9
Transport and storage	146 993	6 478	5.1	4.4
Communication services	36 350	1 972	1.6	5.4
Finance and insurance	399 914	6 850	5.4	1.7
Property and business services	676 850	28 518	22.5	4.2
Education	35 607	1 671	1.3	4.7
Health and community services	121 119	3 811	3.0	3.1
Cultural and recreational services	91 533	5 334	4.2	5.8
Personal and other services	123 568	6 726	5.3	5.4
n.e.c.(b)	5 994	315	0.2	5.3
All Industries	2 941 666	126 829	100.0	4.3

(a) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

(b) Includes not elsewhere classified, and illegal ANZSIC classifications.

4.1EXITS, By industry *continued*

<i>Industry</i>	<i>Business entities at 1 July(a)</i>	<i>Exits</i>	<i>Proportion of exits</i>	<i>Exit rate</i>
	no.	no.	%	%
2003–04				
Agriculture, forestry and fishing	271 473	12 969	10.1	4.8
Mining	10 447	313	0.2	3.0
Manufacturing	165 464	6 630	5.2	4.0
Electricity, gas and water supply	2 644	129	0.1	4.9
Construction	473 365	17 004	13.3	3.6
Wholesale trade	106 453	4 693	3.7	4.4
Retail trade	283 619	18 227	14.2	6.4
Accommodation, cafes and restaurants	70 175	5 547	4.3	7.9
Transport and storage	158 745	7 814	6.1	4.9
Communication services	39 542	2 065	1.6	5.2
Finance and insurance	424 384	6 506	5.1	1.5
Property and business services	730 753	27 926	21.8	3.8
Education	39 018	1 600	1.2	4.1
Health and community services	130 575	3 250	2.5	2.5
Cultural and recreational services	99 781	4 857	3.8	4.9
Personal and other services	142 129	7 665	6.0	5.4
n.e.c.(b)	13 458	944	0.7	7.0
All Industries	3 162 025	128 139	100.0	4.1

(a) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

(b) Includes not elsewhere classified, and illegal ANZSIC classifications.

4.2

EXITS, By state and territory(a)

<i>State and territory</i>	<i>Business entities at 1 July(b)</i>	<i>Exits</i>	<i>Proportion of exits</i>	<i>Exit rate</i>
	no.	no.	%	%
2001–02				
New South Wales	1 011 066	105 508	31.4	10.4
Victoria	729 584	84 305	25.1	11.6
Queensland	543 548	65 590	19.5	12.1
South Australia	215 162	27 419	8.2	12.7
Western Australia	303 040	36 636	10.9	12.1
Tasmania	55 594	7 258	2.2	13.1
Northern Territory	23 013	2 864	0.9	12.4
Australian Capital Territory	39 748	4 576	1.4	11.5
n.e.c. (c)	14 945	1 697	0.5	11.4
Australia	2 935 700	335 853	100.0	11.4
2002–03				
New South Wales	1 024 508	38 650	30.5	3.8
Victoria	731 633	31 230	24.6	4.3
Queensland	545 638	27 023	21.3	5.0
South Australia	209 468	9 267	7.3	4.4
Western Australia	300 693	14 675	11.6	4.9
Tasmania	53 571	2 498	2.0	4.7
Northern Territory	22 800	1 139	0.9	5.0
Australian Capital Territory	40 037	1 601	1.3	4.0
n.e.c. (c)	13 318	746	0.6	5.6
Australia	2 941 666	126 829	100.0	4.3
2003–04				
New South Wales	1 107 906	44 270	34.5	4.0
Victoria	788 833	30 242	23.6	3.8
Queensland	589 959	26 182	20.4	4.4
South Australia	223 287	8 398	6.6	3.8
Western Australia	320 906	13 623	10.6	4.2
Tasmania	56 843	2 350	1.8	4.1
Northern Territory	24 029	1 118	0.9	4.7
Australian Capital Territory	43 506	1 723	1.3	4.0
n.e.c. (c)	6 756	233	0.2	3.4
Australia	3 162 025	128 139	100.0	4.1

(a) See Explanatory Notes paragraph 22 for details of treatment of multi-state business entities.

(b) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

(c) Includes not elsewhere classified, and illegal state and territory classifications.

4.3 EXITS, By type of business entity(a)

	2001-02				2002-03			
	<i>Business entities at 1 July(b)</i>	<i>Exits</i>	<i>Proportion of exits</i>	<i>Exit rate</i>	<i>Business entities at 1 July(b)</i>	<i>Exits</i>	<i>Proportion of exits</i>	<i>Exit rate</i>
	no.	no.	%	%	no.	no.	%	%
Incorporated entities								
Cooperative	2 179	85	—	3.9	2 184	57	—	2.6
Private company	716 301	18 304	5.5	2.6	767 391	10 437	8.2	1.4
Public company	16 082	371	0.1	2.3	16 634	242	0.2	1.5
Strata title	45 241	960	0.3	2.1	49 536	376	0.3	0.8
Other incorporated entities	34 219	2 369	0.7	6.9	35 218	1 740	1.4	4.9
<i>Total</i>	<i>814 022</i>	<i>22 089</i>	<i>6.6</i>	<i>2.7</i>	<i>870 963</i>	<i>12 852</i>	<i>10.1</i>	<i>1.5</i>
Unincorporated entities								
Individual	1 080 819	163 956	48.8	15.2	1 094 567	42 558	33.6	3.9
Other unincorporated entities	27 209	1 737	0.5	6.4	27 019	1 293	1.0	4.8
<i>Total</i>	<i>1 108 028</i>	<i>165 693</i>	<i>49.3</i>	<i>15.0</i>	<i>1 121 586</i>	<i>43 851</i>	<i>34.6</i>	<i>3.9</i>
Partnerships								
Family	396 269	66 465	19.8	16.8	358 706	35 473	28.0	9.9
Limited	1 460	425	0.1	29.1	1 742	396	0.3	22.7
Other	109 551	21 784	6.5	19.9	109 160	17 199	13.6	15.8
<i>Total</i>	<i>507 280</i>	<i>88 674</i>	<i>26.4</i>	<i>17.5</i>	<i>469 608</i>	<i>53 068</i>	<i>41.8</i>	<i>11.3</i>
Trusts								
Corporate unit trust	1 290	271	0.1	21.0	1 478	269	0.2	18.2
Deceased estate	1 987	800	0.2	40.3	1 849	294	0.2	15.9
Public trading trust	287	34	—	11.8	309	45	—	14.6
Other trust	301 082	55 766	16.6	18.5	268 390	16 084	12.7	6.0
<i>Total</i>	<i>304 646</i>	<i>56 871</i>	<i>16.9</i>	<i>18.7</i>	<i>272 026</i>	<i>16 692</i>	<i>13.2</i>	<i>6.1</i>
Superannuation funds(c)								
APRA regulated superannuation	2 021	24	—	1.2	3 128	18	—	0.6
Regulated self managed super fund	14 533	214	0.1	1.5	30 424	224	0.2	0.7
Other fund superannuation	175 790	2 225	0.7	1.3	173 931	124	0.1	0.1
<i>Total</i>	<i>192 344</i>	<i>2 463</i>	<i>0.7</i>	<i>1.3</i>	<i>207 483</i>	<i>366</i>	<i>0.3</i>	<i>0.2</i>
n.e.c.(d)	9 380	63	—	0.7	—	—	—	—
Total	2 935 700	335 853	100.0	11.4	2 941 666	126 829	100.0	4.3

— nil or rounded to zero (including null cells)

(a) See Glossary for definition of type of business entity.

(b) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

(c) Superannuation funds are also trusts. They have been separated here for analytical purposes.

(d) Includes not elsewhere classified.

4.3EXITS, By type of business entity(a) *continued*

2003-04

	<i>Business entities at 1 July(b)</i>	<i>Exits</i>	<i>Proportion of exits</i>	<i>Exit rate</i>
	no.	no.	%	%
Incorporated entities				
Cooperative	2 161	55	—	2.5
Private company	829 155	14 719	11.5	1.8
Public company	16 897	326	0.3	1.9
Strata title	50 313	417	0.3	0.8
Other incorporated entities	36 521	1 674	1.3	4.6
<i>Total</i>	<i>935 047</i>	<i>17 191</i>	<i>13.4</i>	<i>1.8</i>
Unincorporated entities				
Individual	1 221 650	42 339	33.0	3.5
Other unincorporated entities	26 591	1 156	0.9	4.3
<i>Total</i>	<i>1 248 241</i>	<i>43 495</i>	<i>33.9</i>	<i>3.5</i>
Partnerships				
Family	353 008	34 057	26.6	9.6
Limited	1 659	420	0.3	25.3
Other	111 407	16 823	13.1	15.1
<i>Total</i>	<i>466 074</i>	<i>51 300</i>	<i>40.0</i>	<i>11.0</i>
Trusts				
Corporate unit trust	1 558	303	0.2	19.4
Deceased estate	2 301	223	0.2	9.7
Public trading trust	270	43	—	15.9
Other trust	285 676	15 199	11.9	5.3
<i>Total</i>	<i>289 805</i>	<i>15 768</i>	<i>12.3</i>	<i>5.4</i>
Superannuation funds(c)				
APRA regulated superannuation	3 740	24	—	0.6
Regulated self managed super fund	45 447	282	0.2	0.6
Other fund superannuation	173 671	79	0.1	—
<i>Total</i>	<i>222 858</i>	<i>385</i>	<i>0.3</i>	<i>0.2</i>
n.e.c.(d)	—	—	—	—
Total	3 162 025	128 139	100.0	4.1

— nil or rounded to zero (including null cells)

(a) See Glossary for definition of type of business entity.

(b) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

(c) Superannuation funds are also trusts. They have been separated here for analytical purposes.

(d) Includes not elsewhere classified.

4.4 EXITS, By business size(a)

<i>Business size</i>	<i>Business entities at 1 July(b)</i>	<i>Exits</i>	<i>Proportion of exits</i>	<i>Exit rate</i>
	no.	no.	%	%
2001–02				
Large/Medium employing	73 769	1 177	0.4	1.6
Small employing				
Micro	607 736	14 500	4.3	2.4
Other small	216 627	5 282	1.6	2.4
Total	824 363	19 782	5.9	2.4
Non-employed	2 037 568	314 894	93.8	15.5
Total	2 935 700	335 853	100.0	11.4
2002–03				
Large/Medium employing	88 609	1 740	1.4	2.0
Small employing				
Micro	633 082	19 800	15.6	3.1
Other small	241 075	7 319	5.8	3.0
Total	874 157	27 119	21.4	3.1
Non-employed	1 978 900	97 970	77.2	5.0
Total	2 941 666	126 829	100.0	4.3
2003–04				
Large/Medium employing	95 010	1 858	1.4	2.0
Small employing				
Micro	706 739	25 423	19.8	3.6
Other small	256 865	8 374	6.5	3.3
Total	963 604	33 797	26.4	3.5
Non-employed	2 103 411	92 484	72.2	4.4
Total	3 162 025	128 139	100.0	4.1

(a) See Glossary for definition of business size.

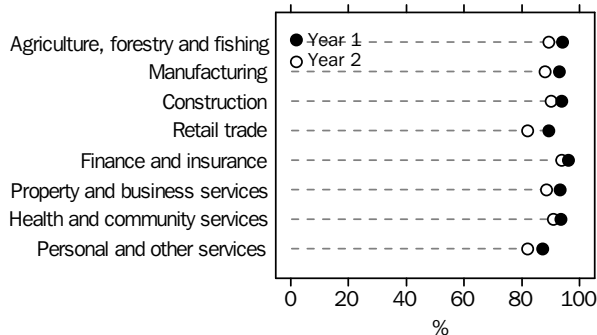
(b) Includes reactivations, see paragraph 8, of the Explanatory Notes for a definition.

SURVIVAL OF ENTRIES

- There were 334,266 entries in 2001–02. After one year 308,554 (survival rate of 92.3%) business entities were still active, and after two years 292,870 (87.6%) had survived.
- In 2002–03 there were 329,907 entries. Of these, 303,293 (91.9%) were still active after one year.

Survivors by industry

SURVIVAL OF 2001–02 ENTRIES, By selected industry



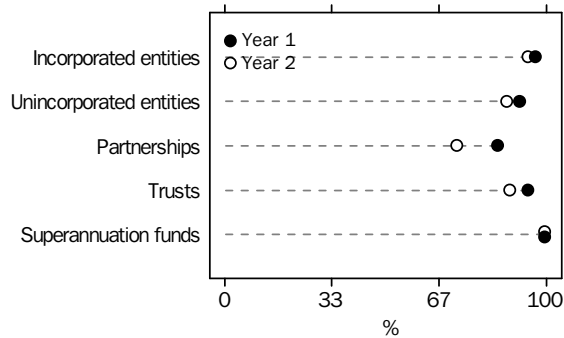
- For the 2001–02 entries, the industry with the largest survival rate after one year was Finance and insurance at 96.1%. A number of industries had a survival rate in excess of 93.0%, including Agriculture, forestry and fishing, Manufacturing, Construction, Wholesale trade, Property and business services, and Health and community services. In the second year of survival, Finance and insurance recorded the highest survival rate (93.8%), followed by Health and community services at 90.8%.
- The industry with the lowest survival rate for 2001–02 entries was Mining at 88.3% followed by Retail trade at 89.3% in 2002–03. The industry with the lowest survival rate of 2001–02 entries in 2003–04 was Electricity, gas and water supply at 79.8% followed by Accommodation, cafes and restaurants at 80.7%.
- For 2002–03 entries, the industry with the lowest survival rate was Personal and other services at 57.9% followed by Electricity, gas and water supply at 78.2% in 2003–04.

Survivors by state and territory

- For 2001–02 entries, the highest one-year survival rate was recorded in the Australian Capital Territory (93.6%). The state or territory with the lowest survival rate was the Northern Territory at 89.7% after Year 1.
- For this same cohort (2001–02 entries) surviving after two years, the Australian Capital Territory maintained the highest survival rate at 89.5%.
- For 2002–03 entries, the highest one-year survival rate was in Tasmania at 93.5%. The lowest survival rate was in the Northern Territory at 90.0%.

Survivors by type of business entity

SURVIVAL OF 2001–02 ENTRIES, By type of business entity



- The highest one-year survival rate for the 2001–02 entries was in the Superannuation funds category at 99.4%. There were some notable lower survival rates, such as the Limited partnerships subcategory at 75.8%, and the Public company subcategory at 74.8%.
- The two-year survival rate for 2001–02 Partnerships entries was 72.2%. This low rate was mainly attributed to the Limited partnerships subcategory. The two-year survival rate for the Limited partnerships subcategory was 52.2%. The two-year survival rate for the Public company subcategory was 72.3%.
- For entries in 2002–03, the highest one-year survival rate was in the Superannuation funds category at 98.8%. The category where the one-year survival rate for these entries was lowest was the Partnerships category at 85.3%.

5.1 SURVIVAL OF 2001–02 ENTRIES, By industry

Industry	2001–02	2002–03		2003–04	
	Entries	Year 1 survivors	Survival rate	Year 2 survivors	Survival rate
	no.	no.	%	no.	%
Agriculture, forestry and fishing	19 177	18 008	93.9	17 133	89.3
Mining	996	879	88.3	854	85.7
Manufacturing	15 200	14 149	93.1	13 356	87.9
Electricity, gas and water supply	247	206	83.4	197	79.8
Construction	47 607	44 617	93.7	42 826	90.0
Wholesale trade	11 866	11 112	93.6	10 488	88.4
Retail trade	34 267	30 586	89.3	28 056	81.9
Accommodation, cafes and restaurants	9 042	8 116	89.8	7 300	80.7
Transport and storage	16 908	15 574	92.1	14 695	86.9
Communication services	5 404	4 856	89.9	4 518	83.6
Finance and insurance	35 371	33 990	96.1	33 173	93.8
Property and business services	90 693	84 497	93.2	80 361	88.6
Education	5 333	4 888	91.7	4 608	86.4
Health and community services	11 518	10 785	93.6	10 461	90.8
Cultural and recreational services	12 553	11 321	90.2	10 608	84.5
Personal and other services	15 264	13 301	87.1	12 510	82.0
n.e.c. (a)	2 820	1 669	59.2	1 726	61.2
All Industries	334 266	308 554	92.3	292 870	87.6

(a) Includes not elsewhere classified, and illegal ANZSIC classifications.

5.2 SURVIVAL OF 2001–02 ENTRIES, By state and territory(a)

State and territory	2001–02	2002–03		2003–04	
	Entries	Year 1 survivors	Survival rate	Year 2 survivors	Survival rate
	no.	no.	%	no.	%
New South Wales	116 882	108 503	92.8	102 481	87.7
Victoria	83 764	77 449	92.5	73 717	88.0
Queensland	64 894	59 276	91.3	56 340	86.8
South Australia	21 814	20 142	92.3	19 260	88.3
Western Australia	33 666	30 934	91.9	29 395	87.3
Tasmania	5 110	4 746	92.9	4 543	88.9
Northern Territory	2 673	2 399	89.7	2 223	83.2
Australian Capital Territory	4 851	4 540	93.6	4 343	89.5
n.e.c. (b)	612	565	92.3	568	92.8
Australia	334 266	308 554	92.3	292 870	87.6

(a) See Explanatory Notes paragraph 22 for details of treatment of multi-state business entities.

(b) Includes not elsewhere classified, and illegal state and territory classifications.

5.3 SURVIVAL OF 2001–02 ENTRIES, By type of business entity(a)

Type of business entity	2001–02	2002–03		2003–04	
	Entries	Year 1 survivors	Survival rate	Year 2 survivors	Survival rate
	no.	no.	%	no.	%
Incorporated entities					
Cooperative	105	98	93.3	95	90.5
Private company	68 575	66 581	97.1	65 029	94.8
Public company	1 276	955	74.8	922	72.3
Strata title	5 253	5 198	99.0	5 160	98.2
Other incorporated entities	3 111	2 791	89.7	2 613	84.0
<i>Total</i>	<i>78 320</i>	<i>75 623</i>	<i>96.6</i>	<i>73 819</i>	<i>94.3</i>
Unincorporated entities					
Individual	165 498	151 616	91.6	145 214	87.7
Other unincorporated entity	1 586	1 405	88.6	1 290	81.3
<i>Total</i>	<i>167 084</i>	<i>153 021</i>	<i>91.6</i>	<i>146 504</i>	<i>87.7</i>
Partnerships					
Family	27 337	24 122	88.2	21 247	77.7
Limited	714	541	75.8	373	52.2
Other	20 998	16 865	80.3	13 812	65.8
<i>Total</i>	<i>49 049</i>	<i>41 528</i>	<i>84.7</i>	<i>35 432</i>	<i>72.2</i>
Trusts					
Corporate unit trust	518	442	85.3	336	64.9
Deceased estate	625	551	88.2	516	82.6
Public trading trust	59	46	78.0	35	59.3
Other trust	21 420	20 249	94.5	19 137	89.3
<i>Total</i>	<i>22 622</i>	<i>21 288</i>	<i>94.1</i>	<i>20 024</i>	<i>88.5</i>
Superannuation funds(b)					
APRA regulated fund	962	938	97.5	890	92.5
Regulated self managed fund	15 394	15 328	99.6	15 386	99.9
Other fund	835	828	99.2	815	97.6
<i>Total</i>	<i>17 191</i>	<i>17 094</i>	<i>99.4</i>	<i>17 091</i>	<i>99.4</i>
Total	334 266	308 554	92.3	292 870	87.6

(a) See Glossary for definition of type of business entity.

(b) Superannuation funds are also trusts. They have been separated here for analytical purposes.

5.4

SURVIVAL OF 2002–03 ENTRIES, By industry

<i>Industry</i>	2002–03	2003–04	
	<i>Entries</i>	<i>Year 1</i>	<i>Survival</i>
	no.	<i>survivors</i>	<i>rate</i>
		no.	%
Agriculture, forestry and fishing	18 350	17 266	94.1
Mining	982	920	93.7
Manufacturing	13 136	12 818	97.6
Electricity, gas and water supply	606	474	78.2
Construction	48 606	46 174	95.0
Wholesale trade	11 834	11 012	93.1
Retail trade	32 921	31 123	94.5
Accommodation, cafes and restaurants	10 226	9 033	88.3
Transport and storage	17 294	15 807	91.4
Communication services	4 946	4 561	92.2
Finance and insurance	30 670	29 724	96.9
Property and business services(a)	77 612	78 224	100.8
Education	4 748	4 482	94.4
Health and community services	12 234	11 930	97.5
Cultural and recreational services	12 614	11 637	92.3
Personal and other services	25 118	14 555	57.9
n.e.c.(b)	8 010	3 553	44.4
All Industries	329 907	303 293	91.9

(a) See Explanatory Notes (paragraph 10) for an explanation of survival rates in excess of 100%.

(b) Includes not elsewhere classified, and illegal ANZSIC classifications.

5.5 SURVIVAL OF 2002–03 ENTRIES, By state and territory(a)

State and territory	2002–03	2003–04	
	Entries	Year 1 survivors	Survival rate
	no.	no.	%
New South Wales	115 882	106 012	91.5
Victoria	82 162	75 848	92.3
Queensland	65 086	59 893	92.0
South Australia	21 551	19 968	92.7
Western Australia	32 084	29 475	91.9
Tasmania	5 108	4 776	93.5
Northern Territory	2 361	2 125	90.0
Australian Capital Territory	4 841	4 407	91.0
n.e.c.(b)	832	789	94.8
Australia	329 907	303 293	91.9

(a) See Explanatory Notes paragraph 22 for details of treatment of multi-state business entities.

(b) Includes not elsewhere classified, and illegal state and territory classifications.

5.6 SURVIVAL OF 2002–03 ENTRIES, By type of business entity(a)

Type of business entity	2002–03	2003–04	
	Entries	Year 1 survivors	Survival rate
	no.	no.	%
Incorporated entities			
Cooperative	67	61	91.0
Private company	70 879	68 203	96.2
Public company	1 234	1 194	96.8
Strata title	1 132	1 043	92.1
Other incorporated entities	2 634	2 422	92.0
<i>Total</i>	<i>75 946</i>	<i>72 923</i>	<i>96.0</i>
Unincorporated entities			
Individual	157 654	143 291	90.9
Other unincorporated entity	944	814	86.2
<i>Total</i>	<i>158 598</i>	<i>144 105</i>	<i>90.9</i>
Partnerships			
Family	27 871	24 596	88.2
Limited	312	226	72.4
Other	19 054	15 479	81.2
<i>Total</i>	<i>47 237</i>	<i>40 301</i>	<i>85.3</i>
Trusts			
Corporate unit trust	359	308	85.8
Deceased estate	729	634	87.0
Public trading trust	10	9	90.0
Other trust	31 556	29 720	94.2
<i>Total</i>	<i>32 654</i>	<i>30 671</i>	<i>93.9</i>
Superannuation funds(b)			
APRA regulated fund	628	605	96.3
Regulated self managed fund	14 644	14 493	99.0
Other fund	200	195	97.5
<i>Total</i>	<i>15 472</i>	<i>15 293</i>	<i>98.8</i>
Total	329 907	303 293	91.9

(a) See Glossary for definition of type of business entity.

(b) Superannuation funds are also trusts. They have been separated here for analytical purposes.

EXPLANATORY NOTES

DATA SOURCE

1 The ABR contains details for all businesses carrying on an enterprise in Australia and for businesses which in the course of the furtherance of carrying on an enterprise makes supplies that are connected with Australia. Not all enterprises are included in these estimates, a number are excluded such as corporation law companies who are not conducting business, not-for-profit entities which can include government departments or agencies, religious practitioners and institutions, and some individuals, partnerships and trusts and others so as to present a private sector view only of entries and exits. Business entities are required to register for an ABN for Goods and Services Tax (GST) purposes if their turnover exceeds or is expected to exceed \$100,000 for not-for-profit organisations, or \$50,000 for other business entities. All taxi operators and drivers are required to register. Business entities and non-profit organisations with turnover below these thresholds may choose to register.

2 A business entity may receive one ABN regardless of the number of commercial activities it undertakes. Alternatively, multiple commercial activities may be registered as separate ABNs depending on the legal structure adopted by the commercial venture. Hence if an enterprise is carried out by a number of different, but related entities, each entity may register in its own right. Therefore, some care is needed in equating the number of ABN entities and their characteristics presented in this publication with the operation of business activities.

3 The total ABR population includes ABN registrations for a wide range of business entities including individuals (sole traders), companies, partnerships, trusts and other organisations. This business entity population is made up of employing and non-employing businesses.

BUSINESS LIFE CYCLE EVENTS

4 The business life cycle consists of various events a business may experience during its lifetime. It is made up of:

- an entry event;
- an exit event;
- a reactivation event;
- a survival event.

5 Business entry and exit counts are restricted to the number of business entities entering and exiting the economy. The series will not cover the establishment of new locations associated with an existing business entity. Where business entities notify a change of industry to the ATO, they will be shown as moving from one industry to another. Also where a business entity entry is a replacement of an existing business entity, i.e. an entry and exit pair, there is no adjustment made to the business entry and exit counts.

DEFINING AN ENTRY

6 A business entity entry event is the registration of a new business and the allocation of tax role(s), or the allocation of a tax role(s) to an existing business entity which previously had no tax role(s) allocated.

Exclusions

- Reactivated business entities, i.e. business entities who have their ABN and tax role(s) reactivated.

DEFINING AN EXIT

7 A business entity exit event is the cancellation of an ABN and/or cessation of all taxation reporting/remitting obligations for that ABN.

<i>Exclusions</i>	<ul style="list-style-type: none"> ■ Reactivated business entities, i.e. business entities who have their ABN and tax role(s) reactivated. 																											
DEFINING A REACTIVATION	<p>8 A reactivation is a previously identified exit that has revived its ABN and tax role(s). Reactivations are not included as entries as the business entity had operated previously and therefore is not new.</p>																											
DEFINING THE SURVIVAL OF AN ENTRY	<p>9 A surviving business is defined as a business entity entry in year xx and active at the end of year xx+n.</p>																											
<i>Inclusions</i>	<ul style="list-style-type: none"> ■ Cancelled business entities (ABNs) with an active tax role; ■ Business entities (ABNs) which have merged or been taken over and retained the original ABN and active tax role(s); ■ Business entities (ABNs) which have changed activity (i.e. ANZSIC) between reference periods. 																											
<i>Exclusions</i>	<ul style="list-style-type: none"> ■ Business entities with an ABN but no active tax roles. 																											
SURVIVAL OF ENTRIES	<p>10 The characteristics (e.g. industry) of surviving business entities may change during the reference period. As estimates are based on values at the end of the period, survival rates may exceed 100%.</p>																											
POPULATION	<p>11 The ABR contains those businesses that are carrying on an enterprise or those enterprises who make supplies that are connected with Australia which can include corporation law companies, individuals, partnerships, trusts, superannuation funds and not-for-profit entities such as government departments or agencies, religious practitioners and institutions.</p> <p>12 This population comprises two sub-populations:</p> <ul style="list-style-type: none"> ■ the <i>closing</i> population which consists of the scoped population at the end of the reference period; and ■ the <i>opening</i> population which represents the business entities at the beginning of the reference period plus reactivations. <p>13 The closing population is calculated at each reference period as follows: opening population (includes reactivations) + entries - exits = closing population (See structure diagram in Chapter 2).</p>																											
DEFINING ATO TAX ROLE(S)	<p>14 The tax roles allocated by the ATO are:</p> <table border="0"> <tr> <td>DCIP</td> <td>–</td> <td>Deferred Company Instalments Payer</td> </tr> <tr> <td>DGST</td> <td>–</td> <td>Deferred Goods and Services Tax</td> </tr> <tr> <td>ESGC</td> <td>–</td> <td>Energy Grants Credits Scheme</td> </tr> <tr> <td>FBTI</td> <td>–</td> <td>Fringe Benefit Tax Instalments</td> </tr> <tr> <td>GSTP</td> <td>–</td> <td>Goods and Services Tax Payer</td> </tr> <tr> <td>ITIP</td> <td>–</td> <td>Income Tax Instalment Payer</td> </tr> <tr> <td>ITW</td> <td>–</td> <td>Income Tax Withholding</td> </tr> <tr> <td>LCTP</td> <td>–</td> <td>Luxury Car Tax Payer</td> </tr> <tr> <td>WETP</td> <td>–</td> <td>Wine Equalisation Tax Payer</td> </tr> </table>	DCIP	–	Deferred Company Instalments Payer	DGST	–	Deferred Goods and Services Tax	ESGC	–	Energy Grants Credits Scheme	FBTI	–	Fringe Benefit Tax Instalments	GSTP	–	Goods and Services Tax Payer	ITIP	–	Income Tax Instalment Payer	ITW	–	Income Tax Withholding	LCTP	–	Luxury Car Tax Payer	WETP	–	Wine Equalisation Tax Payer
DCIP	–	Deferred Company Instalments Payer																										
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DEFINING ATO TAX ROLE(S)

continued

15 Each of these tax role(s) is then assigned a role status where relevant, and these status' are:

- ACT – Active
- CAN – Cancelled
- INA – Inactive
- NRP – Non-reporting
- NRQ – Not required
- PEN – Pending
- IRR – Irregular
- REF – Refused

16 For all statistical purposes, 'Active' tax role status equals 'Active', 'Inactive', 'Non-reporting', 'Not required', 'Pending', and 'Irregular'. The tax role status of 'Cancelled' and 'Refused' are out of scope of this series.

REFERENCE PERIOD

17 The business entity counts presented in this publication are based on snapshots of the ABR, as at 30 June 2002, 30 June 2003, and 30 June 2004.

SCOPE OF THE SERIES

18 The scope of the series is all 'economically active' business entities which have been registered for an Australian Business Number (ABN) and have been allocated a tax role. Once a business entity has met the requirements to be registered for an ABN and allocated at least one tax role, it is deemed economically active. This publication includes those defined as economically active business entities.

19 Excluded are those business entities 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.

STATISTICAL UNIT

20 The statistical unit used for the series is the ABN, i.e. the business entity which has applied for registration on the ABR and been allocated an ABN and at least one tax role.

COVERAGE

21 The series covers all industry divisions of the Australian economy, with the exception of Division M (Government, Administration, and Defence) in the Australian and New Zealand Standard Industrial Classification (ANZSIC). Also excluded are those business entities allocated to 'government' Type of Business Entity (TOBE) classification.

STATE AND TERRITORY INFORMATION

22 The address information used in this publication is based on the 'main business address' reported to the ABR upon registration. The State or Territory tables are derived from the main address information regardless of the number or geographic location of operations. A business entity may register for multiple locations within a State or Territory. Similarly, a business entity may register for multi-state locations.

RELIABILITY OF THE COUNTS

23 The counts in the publication may be subject to non sampling error and the cyclical administrative workflows of the tax office may impact on data interpretability.

24 The counts are not subject to sampling error as they represent a complete enumeration of those 'economically active' business entities on the ABR.

ABR DEFINITIONS

25 The definitions provided for registering for an ABN on the ABR are provided in the legislation *A New Tax System (Australian Business Number) Act 1999*. A business is entitled to an ABN if it meets one of the following criteria:

- a corporations law company;
- a government department or agency;
- an entity carrying on an enterprise in Australia;
- an enterprises who make supplies that are connected with Australia;
- a non-profit sub-entity;
- a superannuation fund; and
- religious practitioner and religious institutions.

ABR DEFINITIONS *continued*

26 As mentioned in Section 37 of the Act, an entity is defined as an individual (sole trader), a body corporate, a corporation sole, a body politic, a partnership, any other unincorporated association or body of persons, a trust, or a superannuation fund. Note: the term entity is used in a number of different but related senses. It covers all kinds of legal persons. It also covers groups of legal persons, and other things, that in practice are treated as having a separate identity in the same way as a legal person does.

27 As mentioned in Section 38 of the Act, the term enterprise covers any of the following activities:

- a form of a business;
- a form of an adventure or concern in the nature of trade;
- a form of a lease, licence or other grant of an interest in property;
- by the trustee of a fund that is covered by, or by an authority or institution that is covered by, Subdivision 30-B of the *Income Tax Assessment Act 1997* and to which deductible gifts can be made;
- by a charitable institution or by a trustee of a charitable fund;
- by a religious institution; or
- by the Commonwealth, a State or a Territory, or by a body corporate, or corporation sole, established for a public purpose by or under a law of the Commonwealth, a State or a Territory.

28 A business entity will be allocated one ABN regardless of the number of commercial activities or enterprises it might undertake. However, if the enterprise is carried out by a number of different entity types, each entity must register in its own right. For example, if a single entity is currently operating a cafe, a takeaway food delivery service, and a newsagency from different premises, it may have one ABN that covers all of these activities. A similar business enterprise with a different legal structure may have more than one ABN. An enterprise operating a professional practice may be conducted by several entities including, a corporations law company responsible for day to day business operations, a trust which owns the building and a trust which pays for all the business services provided to the corporations law company. Each entity within the structure is required to register individually for an ABN. A large diversified enterprise may have a number of ABNs, some of which may be employing or non employing.

ABBREVIATIONS

ABN	Australian Business Number
ABR	Australian Business Register
ABSBR	Australian Bureau of Statistics Business Register
ANZSIC93	<i>Australian and New Zealand Standard Industrial Classification, 1993 Edition</i>
APRA	Australian Prudential Regulation Authority
ATO	Australian Taxation Office
GST	goods and services tax
GSTP	goods and services tax payer
ITAA 1997	<i>Income Tax Assessment Act 1997</i>
ITW	income tax withholding
PAYG	pay-as-you-go tax
TOBE	type of business entity

GLOSSARY

Australian Business Number (ABN)	<p>The ABN was established under Section 24 of <i>A New Tax System (Australian Business Number) Act 1999</i> legislation.</p> <p>The ABN is a unique business entity identifier introduced assist with dealings with the Australian government. A business entity is entitled to an ABN if it meets one of the following criteria:</p> <ul style="list-style-type: none">■ a company registered under corporations law in Australia;■ a government department or agency; or■ an entity carrying on an enterprise in Australia.
Business Entity	<p>A business entity refers to entities registered on the ABR, and are equivalent to the term enterprise used in the <i>A New Tax System (Australian Business Number) Act 1999</i> legislation.</p>
Business Size Using ABR Payees	<p>A classification of business size using ABR payees enables the business entities (identified as entries, exits, or survivors) to be classified to a business size category based on the value reported in the payees field in the ABR extract. The classification is:</p> <ul style="list-style-type: none">■ large employing = Income Tax Withholding (ITW) tax role and 200 or more payees;■ medium employing = ITW tax role and 20–199 payees;■ small employing = ITW tax role and 0–19 payees;<ul style="list-style-type: none">■ micro employing = ITW tax role and 0–4 payees;■ other small employing = ITW tax role and 5–19 payees;■ non-employing = no ITW tax role; <p>The classification has been developed using similar thresholds to those used in the standard business size classification based on employment such as counts of businesses by size in the ABS publication <i>Small Business in Australia, 2001</i> (cat. no. 1321.0).</p>
Classification by Industry	<p>The business entities included in this series have been classified according to the description of activities recorded on the ABR registration form. The industry is coded to The Australian and New Zealand Standard Industrial Classification 1993 (ANZSIC) which is a classification system for grouping producing businesses (of both goods and services) in Australia and New Zealand into industries to permit comparability of data.</p>
Enterprise	<p>An enterprise covers various business related activities including:</p> <ul style="list-style-type: none">■ in the form of a business;■ in the form of an adventure or concern in the nature of trade;■ on a regular or continuous basis, in the form of a lease, licence or other grant of an interest in property;■ by the trustee of a fund that is covered by, or by an authority or institution that is covered by, Subdivision 30-B of the <i>Income Taxation Assessment Act 1997</i> and to which deductible gifts can be made;■ by a charitable institution or by a trustee of a charitable fund;■ by a religious institution; or■ by the Commonwealth, a State or a Territory, or by a body corporate, or corporation sole, established for a public purpose by or under a law of the Commonwealth, a State or a Territory. <p>Enterprise activities can also include charities, deductible gift recipients, and religious and government organisations but does not include hobbies.</p>

Payees	A payee is an individual for whom amounts are withheld under PAYG withholding taxation arrangements, within the Income Tax Withholding tax role. Those not included are persons who work under a voluntary agreement or labour hire arrangements.
Type of business entity	There are forty five different categories in the type of business entity (TOBE) classification commonly used by the Australian Taxation Office for business entities in Australia. Of these TOBEs, only twenty two are 'in-scope' of this series. These are arranged into the five main TOBE categories as follows: <ul style="list-style-type: none"> ■ Incorporated entities; ■ Unincorporated entities; ■ Partnerships; ■ Trusts; and ■ Superannuation funds.
Incorporated entities	Are those entities which have been incorporated under the <i>Corporations Act 2001</i> . This includes the following subcategories: <ul style="list-style-type: none"> Cooperative This is an organisation with rules: <ul style="list-style-type: none"> ■ limiting the number of shares held by one shareholder; ■ prohibiting the quotation of its shares to the public; and ■ establishing it primarily for the purpose of marketing, processing or storing commodities for disposal or distribution among its shareholders, or rendering other services to its shareholders. Private company An Australian company that is not listed on the stock exchange and is not included in the description of Australian public company or cooperative. Public company An Australian company that includes listed companies, non-profit companies, statutory corporations and their subsidiaries, friendly society dispensaries and mutual life assurance companies. Strata title A strata title is where a title to a piece of property is divided into a number of units. In some cases, not all of the property is divided into saleable units but is retained as common property for all unit holders to use.
Other incorporated entity	Includes an entity that has the same characteristics as a company but is not incorporated as a corporations law company. This category will include: <ul style="list-style-type: none"> ■ a branch of an overseas company not incorporated in Australia (often the name ends in corporation); ■ incorporated associations which are incorporated under a State Act; and ■ incorporated charitable institutions; ■ <i>Non-entity joint venture</i> – an arrangement that the Registrar is satisfied is a contractual arrangement, under which two or more parties undertake an economic activity that is subject to joint control of the parties and that is entered into to obtain individual benefits for the parties, in the form of a share of the output of the arrangement rather than joint or collective profits for all the parties. ■ <i>Pooled development fund</i> – a fund that provides equity capital for eligible activities to resident Australian companies with total assets not exceeding \$50 million. The registering authority for these funds is the Pooled Development Funds Registration Board.
Unincorporated entities	Are those entities which have been not been incorporated under the <i>Corporations Act 2001</i> . This includes the following subcategories: <ul style="list-style-type: none"> Individual (sole trader) A person running a business as an individual. Other unincorporated entity A number of people grouped together by a common purpose with club-like characteristics, for example, a sporting club, social club or trade union. Some club-like characteristics are that: <ul style="list-style-type: none"> ■ there are members of the association; ■ the members will normally be free to join or leave the association;

- Other unincorporated entity**
continued
- the association will normally continue in existence independently of any change to the composition of the association;
 - as a matter of history, there will have been a moment in time when a number of persons combined to form the association;
 - there is a contract (which can fall short of a legally enforceable contract) binding the members among themselves; and
 - there is a constitutional arrangement for meetings of members and for appointing officers.
- The meaning of any other unincorporated association or body of persons does not include a non-entity joint venture.
- Partnerships** Are those entities which involve two or more co-owners participating together in a business. A partner may be an individual or a company and each partner shares in the responsibility and profits of the business. This includes the following subcategories:
- Family partnership** A partnership where two or more members are related to each other.
- Limited partnership** A limited partnership consists of at least one general partner and at least one limited partner. Normally the general partners have unlimited liability but the limited liability partners are limited to the capital amount they have invested.
- Other partnership** A partnership which consists of two or more people or entities carrying on a business or in receipt of income jointly. All other partnerships that are not limited partnerships or family partnerships.
- Trusts** Are legally recognised arrangements where there is an obligation, which rests on the trustee, to deal with property on behalf of, and for the benefit of the beneficiaries, or for the advancement of certain purposes. In the legal sense, a trust involves money or property vested with an independent third party (the trustee) to administer on behalf of others (the beneficiaries of the trust). This includes the following subcategories:
- Corporate unit trust** This is a trust:
- that qualifies as a public unit trust;
 - is formed under an arrangement whereby a business or property previously carried on or owned by a company is transferred to the unit trust and the shareholders of the company are entitled to take up units in the unit trust; and
 - that is either a resident unit trust or was a corporate unit trust in a previous income year.
- Deceased estate** A trust that is administered by the executor under a will or arises as a result of intestacy.
- Public trading trust** A trust that:
- qualifies as a public unit trust;
 - is a trading trust;
 - either is a resident unit trust, or was a public trading trust in a previous income year; and
 - is not a corporate unit trust.
- Other trusts** A trust that is not included above. Most trusts are classified to this category but it also includes Discretionary trusts, Fixed trusts, Hybrid trusts, and Cash management trusts.
- *Discretionary trust* – this is a trust which is neither a fixed trust nor a hybrid trust under which a person or persons benefit from income or capital of the trust upon the exercise of discretion by a person or persons, usually the trustee. A discretionary trust can be categorised by its income earnings activities. These are described below:
 - trading – where the main source of income of the trust is from trading activities;
 - investment – where the main source of income of the trust is from investment activities;
 - services management – where the main source of income of the trust is from is from service and/or management activities.

Other trusts <i>continued</i>	<ul style="list-style-type: none"> ■ <i>Fixed trust</i> – this is a trust where a person or persons have fixed entitlements to all of the income and capital of the trust at all times during the income year. A fixed unit trust is a fixed trust in which the interest in the income and capital of the trust are represented by units. ■ <i>Hybrid trust</i> – this is a trust which is not a fixed trust, where a person or persons have fixed entitlements to income or capital of the trust during the income year. ■ <i>Cash management trust</i> – is a trust that pools the relatively small investments of individuals to acquire high-yielding money market instruments normally only available to professional investors with large sums at their disposal.
Superannuation funds	<p>A superannuation fund is either an indefinitely continuing fund that is a provident, benefit, superannuation or retirement fund. An ‘indefinitely continuing fund’ means that the fund must not be one that will terminate or be wound up after a specified period, or a public sector superannuation scheme that is a scheme for the payment of superannuation, retirement or death benefits established by a Commonwealth, State or Territory law, or under the authority of the Commonwealth, State or Territory governments or a municipal corporation, local government or public authority. This category includes the following subcategories:</p>
Australian Prudential Regulation Authority (APRA) regulated superannuation funds	<p>This is a superannuation fund that is regulated by APRA (that is, all regulated superannuation funds that are not Single Member Superannuation Funds). It also includes:</p> <ul style="list-style-type: none"> ■ <i>Pooled superannuation funds</i> – This is a resident unit trust regulated by APRA. A pooled superannuation fund is used for investing assets of a number of superannuation funds or approved deposit funds, other pooled superannuation funds and certain other specified entities. ■ <i>Approved deposit fund</i> – this is a fund that is regulated by APRA and can receive eligible termination payments rolled-over from a previous employer or a superannuation fund or the approved deposit fund.
Regulated self-managed superannuation fund	<p>This is a superannuation fund that is regulated by the Australia Taxation Office. For funds other than single member funds, a self-managed superannuation fund is one where:</p> <ul style="list-style-type: none"> ■ there are fewer than 5 members; ■ all members are trustees, or directors of the trustee company; ■ there are no trustees or directors who are not members; and ■ there are no members who are employees of other members (unless they are relatives). <p>For funds that are single member funds, a self-managed superannuation fund is one where:</p> <ul style="list-style-type: none"> ■ if the fund has a corporate trustee: <ul style="list-style-type: none"> ■ the members must be the sole director of the company; or ■ the member must be one of only two directors where the other director is a relative; or ■ the member must be one of only two directors and not an employee of the other director; or if the fund does not have a corporate trustee; or ■ if the fund does not have a corporate trustee: <ul style="list-style-type: none"> ■ the member must be one of only two individual trustees and the other trustee must be a relative; or ■ the member must be one of only two individual trustees and not an employee of the other trustee. <p>There are some exceptions to these general rules.</p>
Other superannuation funds	<p>A superannuation fund that is not included above. Most superannuation funds are classified to this category but it also includes:</p>

Other superannuation funds
continued

- *Non-regulated superannuation fund* – This is a superannuation fund that does not satisfy the provisions of section 19 of the *Superannuation Industry (Supervision) Act 1993*, that is, the fund has not made an election to become a regulated superannuation fund and is not intending to make such a an election using this application.

FOR MORE INFORMATION . . .

- INTERNET* **www.abs.gov.au** the ABS web site is the best place to start for access to summary data from our latest publications, information about the ABS, advice about upcoming releases, our catalogue, and Australia Now—a statistical profile.
- LIBRARY* A range of ABS publications is available from public and tertiary libraries Australia-wide. Contact your nearest library to determine whether it has the ABS statistics you require, or visit our web site for a list of libraries.
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