



Victorian
Chamber of Commerce
and Industry



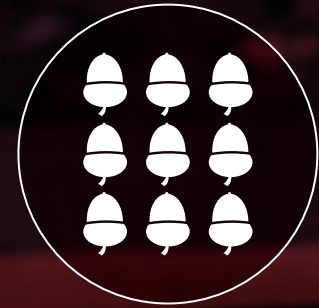
THE SMALL BUSINESS AND JOBS AGENDA IN CONTEXT

OVERVIEW

SMALL BUSINESS DEFINITIONS VARY WIDELY

There is no consistently used definition of a small business. Common definitions categorise businesses based on the number of employees or annual revenue.

Metric	Threshold	Institution	Purpose
Employees	< 15	Fair Work Australia	Unfair dismissal law
	< 20	Australian Bureau of Statistics	Business surveys
		Victorian Chamber and Sensis	Business surveys
	< 50	Reserve Bank of Australia (RBA)	Business liaison
		Australian Securities and Investment Commission	Annual financial reports
Legal structure	Unincorporated	Reserve Bank of Australia	Analysis of financial conditions
Revenue	< \$2 million	Australian Tax Office	Taxation
	< \$50 million	Australian Prudential Regulation Authority (APRA)	Prudential supervision



NUMBER OF SMALL BUSINESSES

556,322

Total number of small businesses operating in Victoria at 30 June 2016

205,428

Employing small businesses (1-19 employees)

350,894

Non-employing small businesses (0 employees)

98%

of Victorian businesses are small businesses

Source: 8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016, released 21 Feb 2017

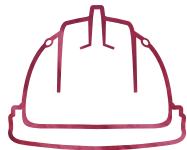
SECTORS VICTORIAN SMALL BUSINESSES OPERATE IN

The top five industries with the greatest number of small (employing) businesses in Victoria are:



22%

BUSINESS SERVICES



18%

CONSTRUCTION



15%

RETAIL AND
WHOLESALE
TRADE



9%

ACCOMMODATION,
FOOD AND
ENTERTAINMENT
SERVICES

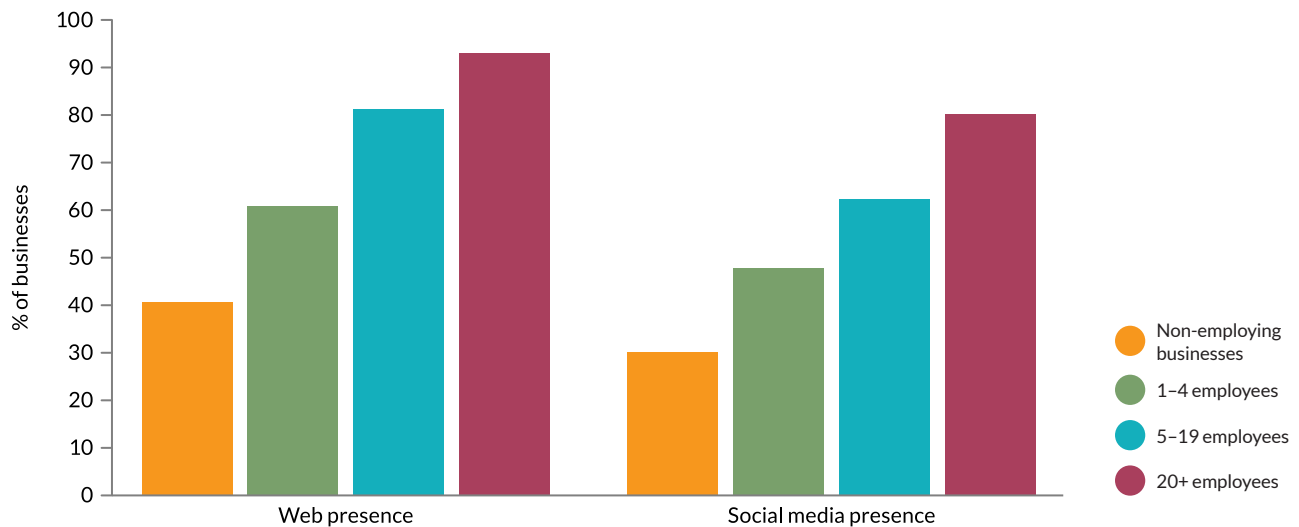


8%

EDUCATION AND
HEALTHCARE

Source: 8165.0 Counts of Australian Businesses,
including Entries and Exits, Jun 2012 to Jun 2016,
released 21 Feb 2017

USE OF DIGITAL TECHNOLOGY



> Digital technologies have immense potential to drive competition, innovation and productivity, but many are not taking advantage of this. Small firms lag behind larger ones in their use of digital technology.

performance. Those that do gain a competitive advantage and are in a strong position to take advantage of the opportunities offered by an increasingly connected and globalised economy.

> “Digitally mature” firms are using digital technologies in sophisticated and innovative ways to continually improve their

> By international standards, Australian businesses are not fast adopters of technology.

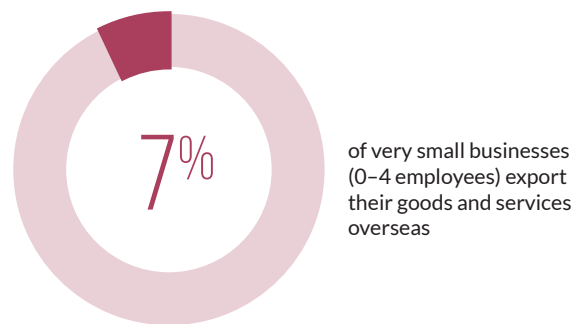
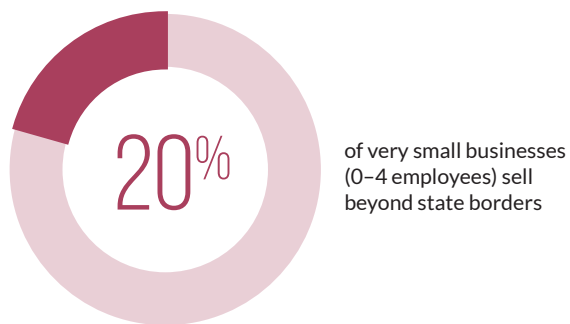
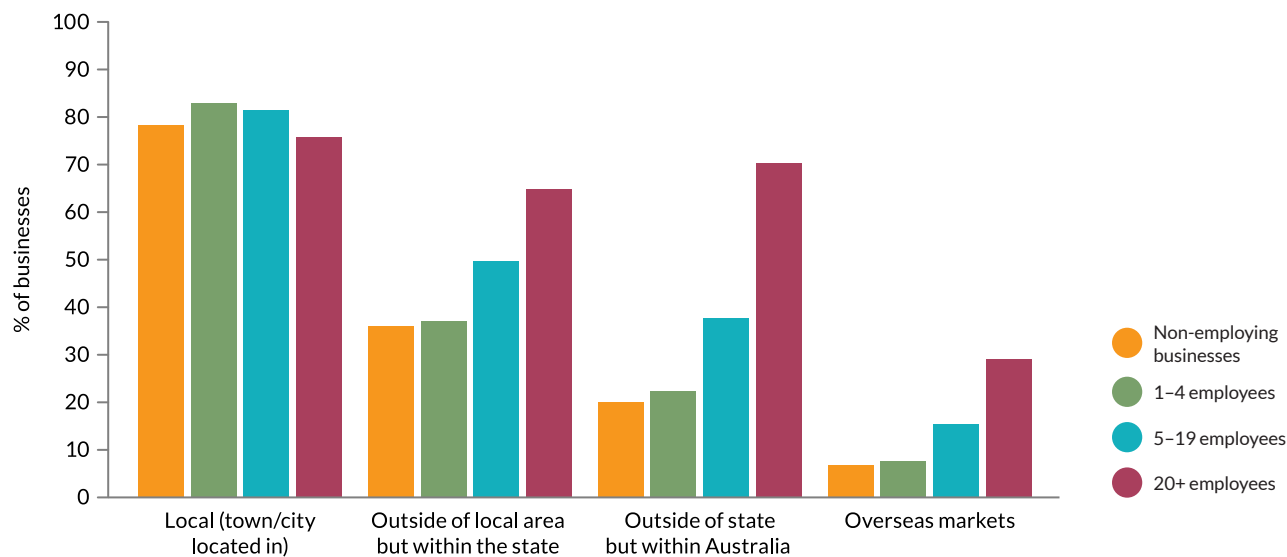
59%

of businesses with 1-4 employees do not have a web presence

>33%

of non-employing businesses have a social media presence

SMALL BUSINESS TRADE



WHERE ARE VICTORIAN BUSINESSES EXPORTING TO?



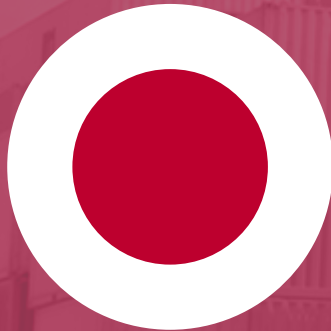
CHINA
\$5.7B



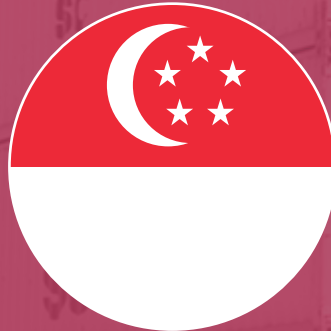
USA
\$3.1B



NEW ZEALAND
\$2.2B



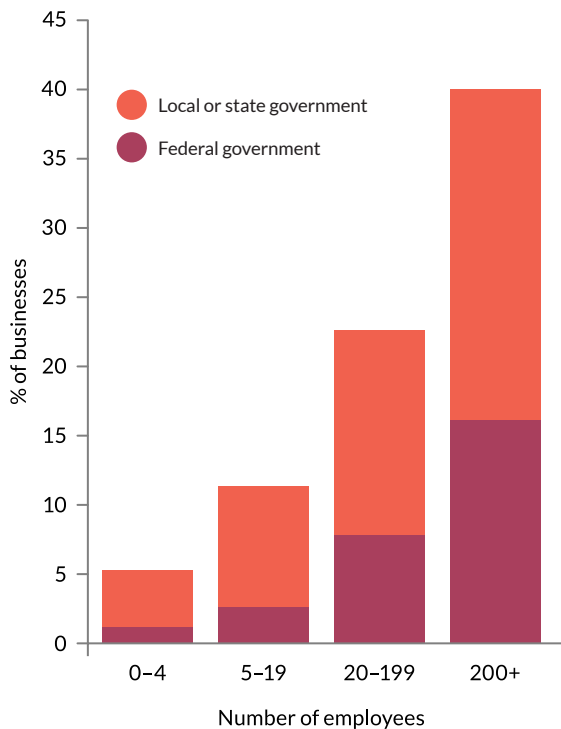
JAPAN
\$1.6B



SINGAPORE
\$918M

\$ = the value of merchandise exports between September 2016 and August 2017
Source: 5368.0 International Trade in Goods and Services, Australia, Table 36b, Merchandise Exports,
State of Origin Victoria, by Country and Country Groups, FOB Value, released 5 October, 2017.

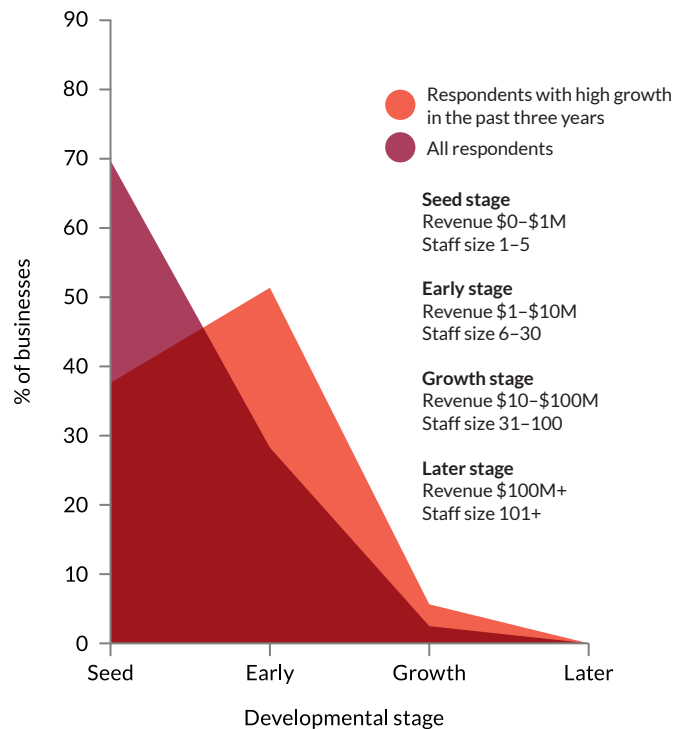
GOVERNMENT PROCUREMENT



- > The government has significant buying power.
- > Smaller businesses are less likely to be awarded government procurement contracts.

Source: 8167.0 - Selected Characteristics of Australian Business, 2014-15, released 18 Aug 2016, Business Markets and Competition (note data represents Australian businesses)

THE START-UP ECONOMY



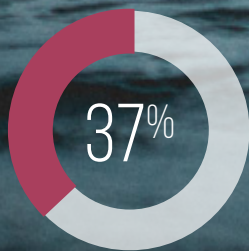
- > The start-up economy is fertile ground for job creation.
- > Victoria has a healthy start up ecosystem with a wide distribution of firms at all stages of development.
- > Victoria is well placed to transform start ups into high growth firms, creating jobs and economic output across the broader economy.

Source: Mapping Victoria's Start-up Ecosystem, released 2017, LaunchVic

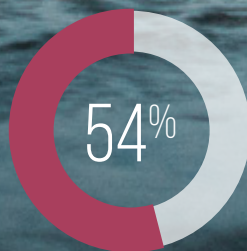
INNOVATION WITHIN SMALL BUSINESS

- > Innovation is defined as the development or introduction of new or significantly improved goods, services, processes or methods.
- > “Businesses engaging in innovation tend to be more competitive, more capable of capturing increased market share, and more likely to increase employment than their competitors”.*
- > Australian large enterprises tend to engage more in innovative activity than smaller enterprises.
- > The proportion of businesses that were innovation-active increased with each successive employment size range.
- > The proportion of businesses with 200 or more persons employed that were innovation-active (73 per cent) was almost double that of businesses with 0-4 persons employed (37 per cent).

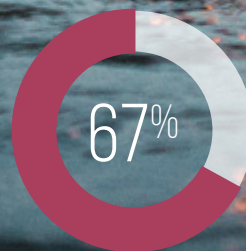
WHAT SIZE OF BUSINESS IS THE MOST INNOVATIVE?



0-4 EMPLOYEES



5-19 EMPLOYEES



20-199 EMPLOYEES



200+ EMPLOYEES

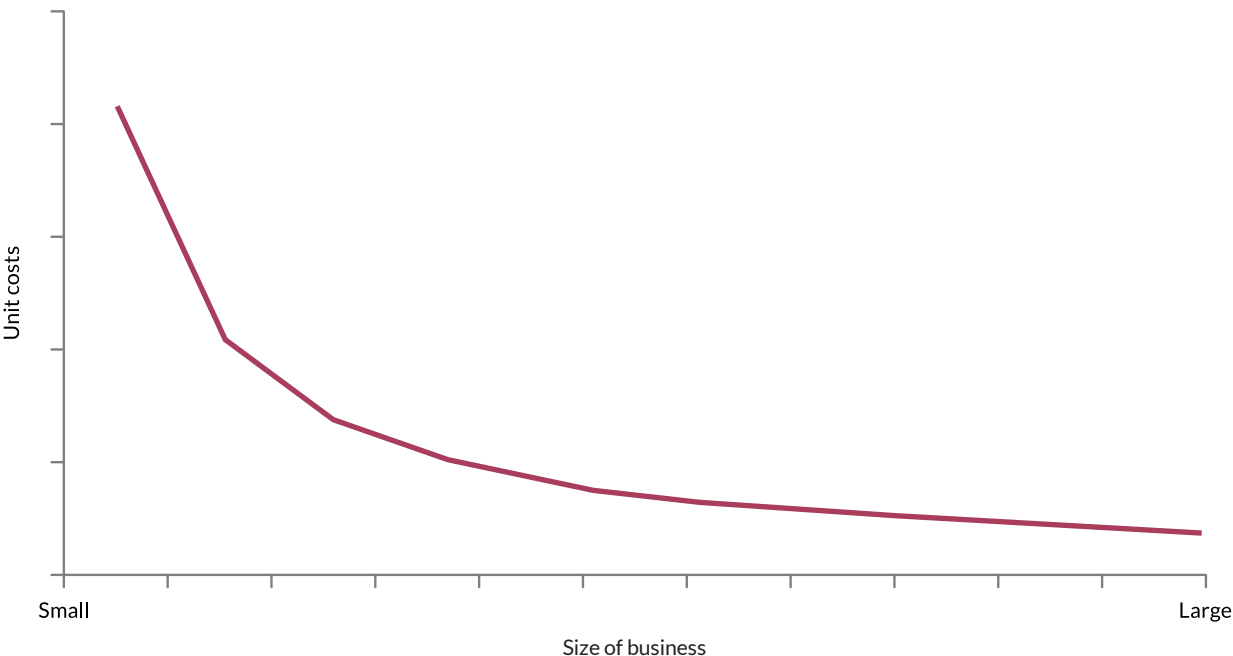
* Australian Industry Report, 2016

8158.0 - Innovation in Australian Business, 2014-15, released 21 July 2016 (note data represents Australian businesses)

THE IMPACT OF REGULATION

- > It is estimated small businesses spend on average five hours a week complying with state and federal government regulatory requirements.*
- > Small businesses experience the burden of regulation much more than their larger counterparts.
- > Small businesses have fewer resources and are unable to take advantage of 'economies of scale' in order to understand and comply with regulation.**

COMPLIANCE COSTS OF REGULATION BY BUSINESS SIZE



* Department of Prime Minister and Cabinet, Office of Best Practice Regulation, Small Business Guidance Note, February 2016. Compliance costs of regulation by business size

**Regulation and small business, Justin Douglas and Amy Land Pejaska, The Treasury, August 2017

VICTORIA'S UNEMPLOYMENT RATE

183K

jobs created in Victoria
over the past three years

Since the middle of 2014, Victoria's unemployment rate has been gradually declining. It still remains high compared to other Australian states.

Although more than 183,000 new jobs have been created in the past three years, Victoria's population continues to grow and more people are looking for work.

VICTORIA'S UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)

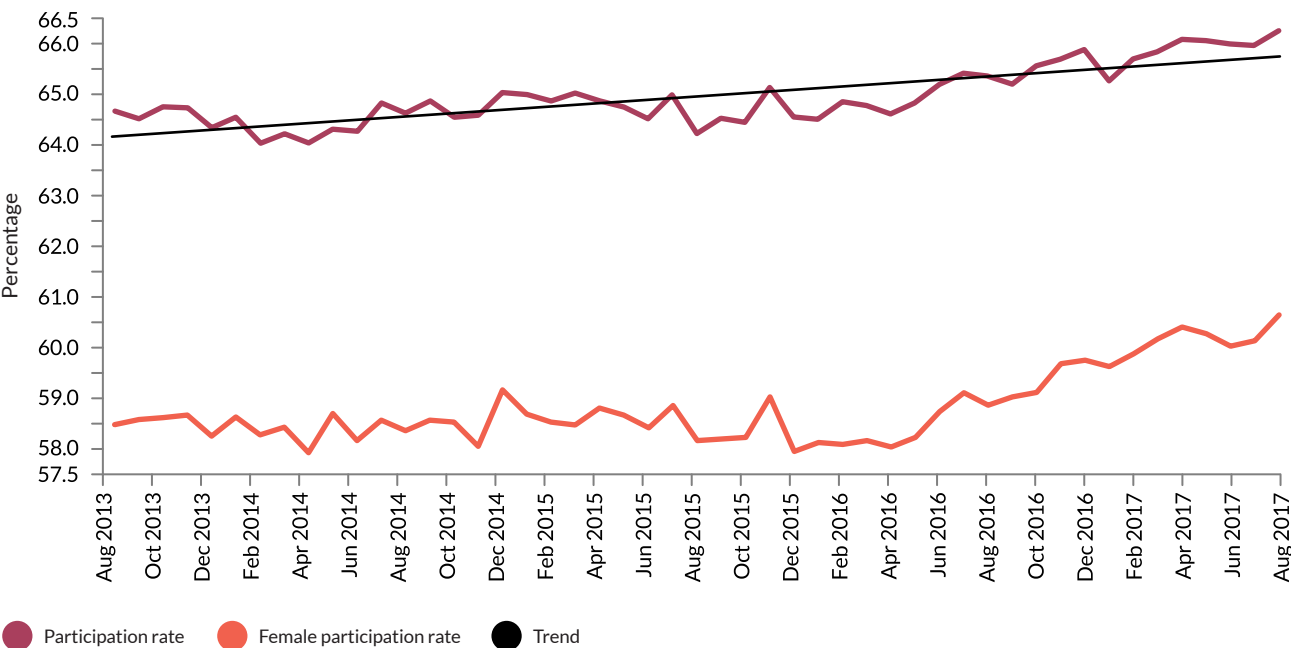


PARTICIPATION RATE

The participation rate is often used as an indicator of confidence in the labour market, it measures the percentage of the working aged population who are either employed or looking for work.

- > Since the beginning of 2014, Victoria's participation rate has been on the rise.
- > This rise has been driven by more women entering the labour market, particularly over the past 18 months.

VICTORIA'S PARTICIPATION RATE (SEASONALLY ADJUSTED)



VICTORIA'S EMPLOYMENT

WHICH SECTORS ARE VICTORIANS WORKING IN?

- > Victoria's health care sector employs the most people.
- > The construction sector offers the most full time positions.
- > Victoria's tourism sector is dominated by part time employment.



HEALTH CARE

Full time: 218,400
Part time: 202,300



RETAIL TRADE

Full time: 179,200
Part time: 162,500



GOVERNMENT SERVICES

Full time: 116,600
Part time: 36,000



CONSTRUCTION

Full time: 242,900
Part time: 40,300



MANUFACTURING

Full time: 235,600
Part time: 42,400



WHOLESALE TRADE

Full time: 88,000
Part time: 20,800



TOURISM

Full time: 109,500
Part time: 171,800



PROFESSIONAL SERVICES

Full time: 214,900
Part time: 56,300



FINANCIAL SERVICES

Full time: 94,300
Part time: 14,500



EDUCATION AND TRAINING

Full time: 160,400
Part time: 96,400



BUSINESS SERVICES

Full time: 53,400
Part time: 51,300



TRANSPORT

Full time: 124,100
Part time: 34,300



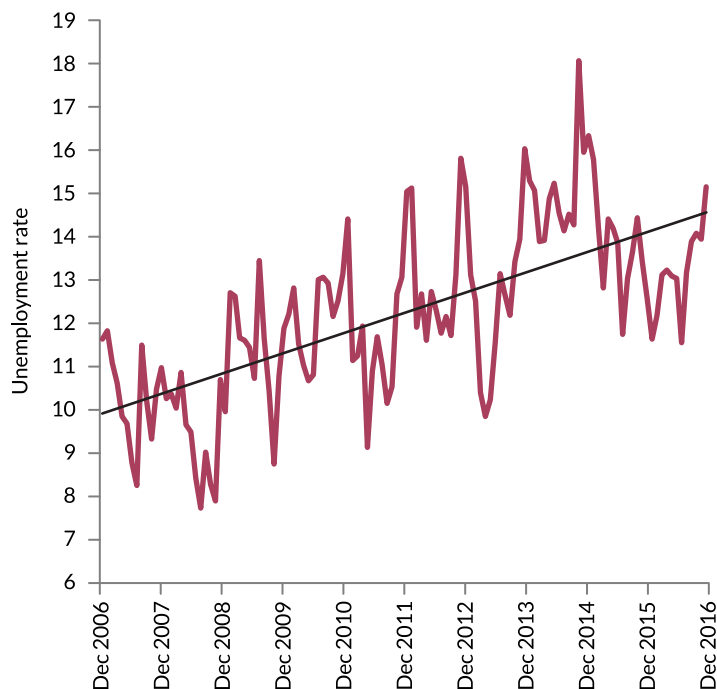
AGRICULTURE

Full time: 77,300
Part time: 25,400

YOUTH UNEMPLOYMENT

The proportion of young people (aged 15-24 years) in Victoria who are unemployed has been steadily growing over the past decade and is generally double that of the unemployment rate for the rest of the population.

VICTORIA'S YOUTH UNEMPLOYMENT (15-24 YEARS)



ICT

Full time: 43,000
Part time: 13,200



RENTAL SERVICES

Full time: 34,100
Part time: 10,300



UTILITY SERVICES

Full time: 29,000
Part time: 3,700



MINING

Full time: 7,900
Part time: 1,300

VICTORIA'S YOUNG WORKERS AND JOB SEEKERS

52%

of young people in
Victoria are employed

17%

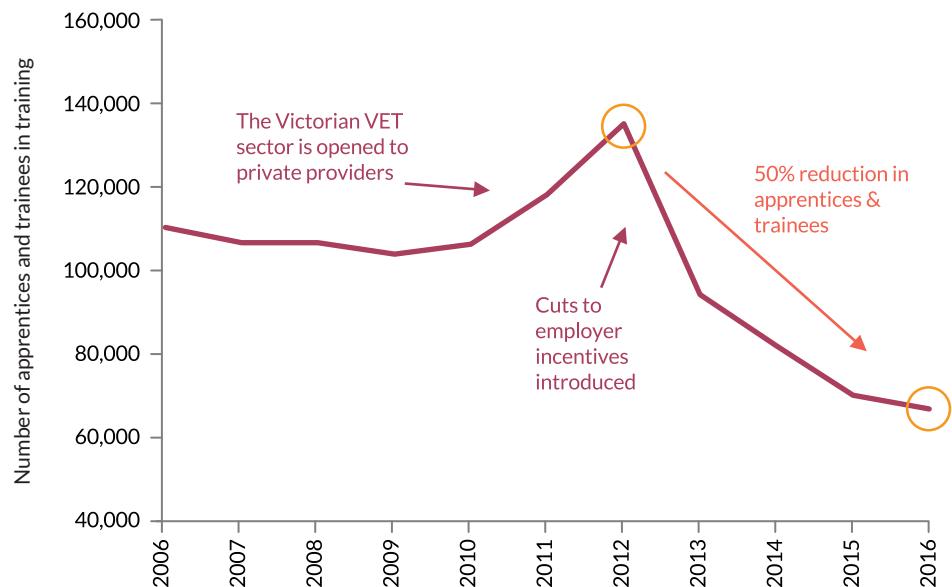
are working and
studying

35%

are employed and no
longer studying

- > Over half of young people in Victoria are employed (52 per cent).
- > Approximately one in five young people (17 per cent) are working and studying, gaining valuable skills to enter the labour market.
- > A large proportion (35 per cent) are employed and no longer studying.
- > Many young people (31 per cent) are not looking for work and only studying.
- > Of concern is the six per cent of Victoria's youth who are neither looking for work nor studying.

VICTORIAN APPRENTICES AND TRAINEES IN TRAINING



31%

are studying and
are not employed

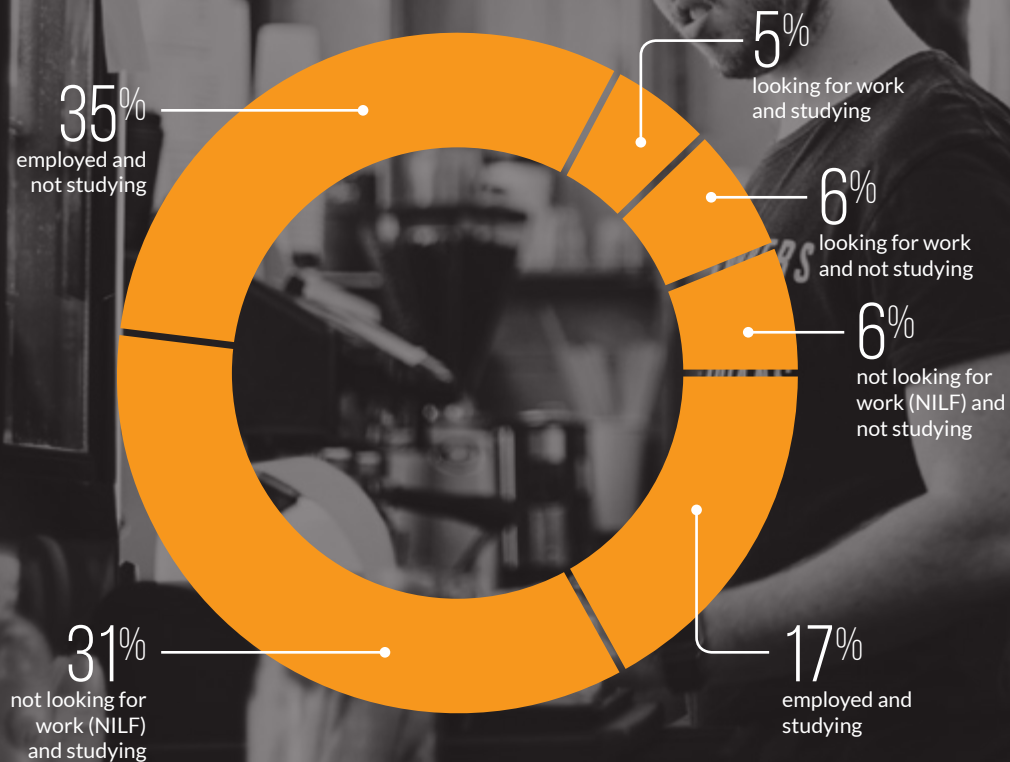
6%

are looking for work
and not studying

6%

are neither looking for
work or studying

PROFILE OF VICTORIA'S YOUNG WORKERS AND JOB SEEKERS



COMPARISON OF PAYROLL TAX THRESHOLDS (ANNUAL)

- > **VICTORIA \$625,000**
(rate 4.85 per cent and 3.65 per cent in regional Victoria)
- > **NSW \$750,000**
(rate 5.45 per cent)
- > **TASMANIA \$1.25MILLION**
(rate 6.1 per cent)
- > **WA \$850,000**
(rate 5.5 per cent)
- > **SOUTH AUSTRALIA \$600,000**
(rate 4.95 per cent)
- > **QUEENSLAND \$1,100,000**
(rate 4.75 per cent)
- > **ACT \$2,000,000**
(rate 6.85 per cent)
- > **NT \$1,500,000**
(rate 5.5 per cent)

Source: Payroll Tax Australia

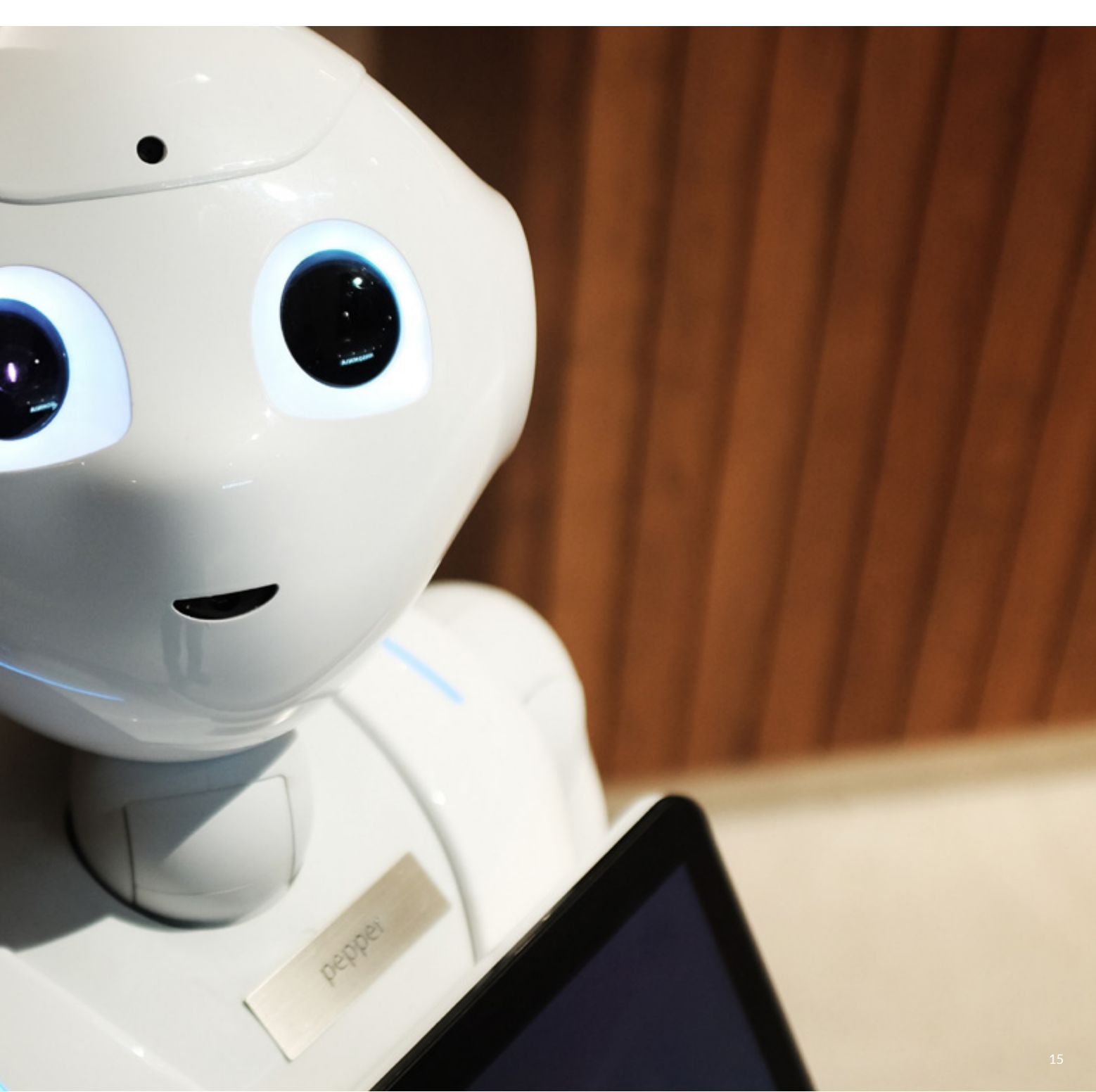
JOBS OF THE FUTURE – WHAT SKILLS WILL EMPLOYEES NEED IN 2030?

- > Automation, globalisation and flexibility are changing the way we work.
- > Today's 15 year olds will navigate 17 changes in employer across five different careers. Linear career trajectories are no longer common.
- > On average it takes 4.7 years for young people to transition from full time education to full time work.

Workers will spend:

- > Almost 100 per cent more time at work problem solving.
- > 41 per cent more time on critical thinking and judgement.
- > 77 per cent more time using science and maths skills.
- > 17 per cent more time per week using verbal communication and interpersonal skills.

Source: The New Work Smarts, Thriving in the New Work Order, The Foundation for Young Australians, July 2017







Written and authorised by the
Victorian Chamber of Commerce and Industry

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