



## LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

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STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY  
Ms Leanne Castley MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),  
Mr Johnathan Davis MLA

### **Inquiry into Annual and Financial Reports 2020-2021** **ANSWER TO QUESTION TAKEN ON NOTICE** **3 March 2022**

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Asked by LEANNE CASTLEY MLA on 3 MARCH 2022: ANDREW BARR MLA took on notice the following question(s):

[Ref: Hansard Proof Transcript 3 March 2022, Page 101]

In relation to: Business exit and entrance statistics

**THE CHAIR:** Chief Minister, just back to my question. Do you, in any of your portfolios, have that information on how many start-ups do not make it in Canberra?

**Mr Barr:** The ABS records data on business entries and exits. You would then have to extrapolate from that what would constitute a start-up.

**THE CHAIR:** A new business starting up in Canberra.

**Mr Barr:** Yes. The ABS records data on business entries and exits. They record that data based on a number of subcategories for businesses. They record those who have no employees, those who have a handful of employees—I think from memory it is one to four—and then I think it is five to 19, and then 20-plus. So businesses are broken down into those categories. If you made the presumption that start-ups did not start up with, say, 15 or 20 employees, and you just looked at data for businesses that start up with no employees or fewer than five, you could potentially extrapolate something there.

All we can ascertain from that ABS data is that the ACT has the strongest business growth of any jurisdiction in Australia. I track this annually. Our growth in the number of businesses operating in the territory was the fastest in the nation in the last reporting period, and the bulk of them were businesses with fewer than five employees. If you can extrapolate anything from that, it would be that start-ups have more success in the ACT than elsewhere. But we will compile the available data and I can present that to the committee on notice.

ANDREW BARR MLA: The answer to the Member's question is as follows:—

The ACT Government is unable to determine with a degree of confidence how many start-ups fail in Canberra as we cannot align a specific dataset with the varied definitions of what constitutes a “start up”.

Economic Development uses publicly available data from the Australian Bureau of Statistics (ABS) to determine the counts of actively trading businesses, rates of entry and exit, and rates of business survival.

When it comes to detailed survival rates, while it is the case that the ABS tracks and reports on business entries and exits at both the non-employed and “1-4 employees” levels nationally, the public data does not disaggregate this information at the state and territory level.

The business survival data publicly available from the ABS for states and territories by business size uses the following categories:

- non-employed
- 1-19 employees
- 20-199 employees
- 200+ employees.

Additionally, the ABS reports on survival rates at the jurisdiction-and-size level over periods of five years versus year-to-year entry and exit data.

Using the methodology available, the latest available data shows:

- of the 3,316 non-employed business entities which entered the ACT in financial year 2017-18, 2,484 survived to June 2019, for a survival rate of 74.9 per cent (compared to 73.7 per cent nationally) and
- 1,606 survived to June 2021, for a survival rate of 48.4 per cent (compared to 47.5 per cent nationally).

Further information and data regarding Counts of Australian businesses, including entry and exits can be found on the ABS website at: [Counts of Australian Businesses, including Entries and Exits, July 2017 - June 2021 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/australian-bureau-of-statistics/publications/counting-australian-businesses-including-entries-and-exits-july-2017-june-2021)

Approved for circulation to the Standing Committee on Economy and Gender Equality

Signature: 

Date: 19.5.22

By the Minister for Economic Development, Andrew Barr MLA