

Australian Government
Department of Industry,
Innovation and Science

Office of the
Chief Economist

Exploring the potential of the Expanded Analytical Business Longitudinal Database (EABLD)

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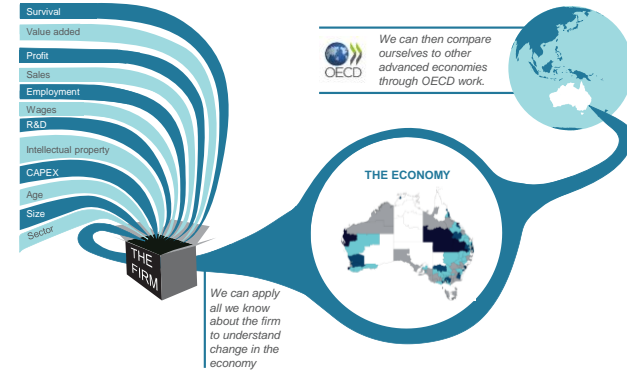
October 2015

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Improving our analytical capability

The Expanded Analytical Business Longitudinal Database, 2001-2012



Source: Department of Industry and Science (2015) National Innovation Map

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EABLD Anatomy

EABLD links ATO firm level data with ABS survey data.

ATO data included in the EABLD:

- Business Activity Statement (BAS)
- Business income Taxation (BIT)
- Pay As You Go (PAYG)

ABS survey data included in the EABLD:

- Business Characteristics Survey (BCS)
- Economic Activity Survey (EAS)
- Business Experimental R&D (BERD)

IP Australia data is currently being integrated into the EABLD

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ABS Business Register

The integrating spine of the EABLD is the ABS Business Register

The ABS Business Register derives from the Australian Business Register, which sits with the ATO.

Within the ABS Business Register, the ABS allocates businesses into one of two sub-populations:

- Non-profiled population (simple business structures, most businesses fit here).
- Profiled population (complex business structures, ABS maintains direct contact with these).

The EABLD cover all active businesses in the Australian economy for 2001-02 to 2012-13

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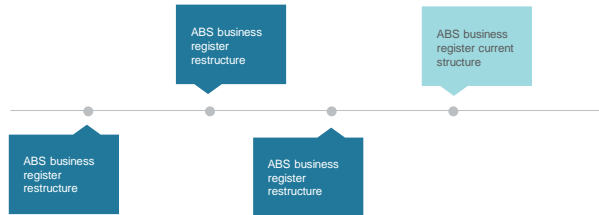
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Longitudinal integration

The EABLD is being created retrospectively

Business structures in the ABS Business Register are updated as often as necessary.

However, detailed information about past changes in business structures is not available:



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Examples of EABLD in use

- OECD DynEmp project (completed earlier this year, DIIS in collaboration with ABS)
- DIIS research paper: The Employment Dynamics of Australian Entrepreneurship (published in September 2015)

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A few important definitions

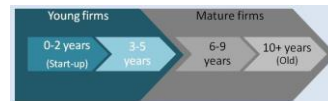
We adopt the OECD definitions of firm age

We measure firms' age from when they register an ABN.

Young firms are defined as firms aged between 0 and 5 years of age.

Start-ups are a subset of young firms within the first three years of operation (0–2 years old).

Mature firms are firms aged 6 years and older. Old firms are a specific subset of mature firms that are ten or more years old.



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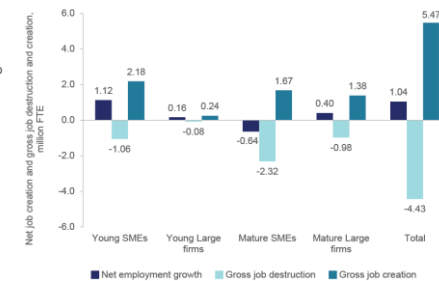
Unpacking employment growth

Young SMEs have the lion's share of employment growth

From 2006 to 2011 1.04 million full time equivalent jobs were added to the economy.

Young SMEs added 1.12 million jobs in that period.

Figure 1: Net employment creation, gross employment creation and gross employment destruction by firm age and size, 2006–2011



Sources: ABS (2015) Expanded Analytical Business Longitudinal Database 2001–02 to 2012–13

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The importance of start-ups

Start-ups drive employment growth

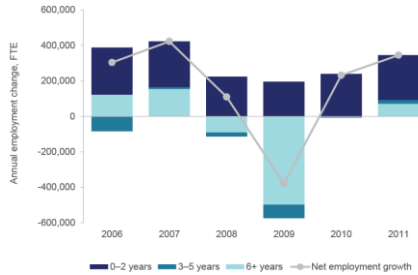
From 2006 to 2011 1.04 million full time equivalent (FTE) jobs were added to the economy.

Start-ups added 1.44 million FTE jobs to the economy

Older firms (3+ years) shed around 400,000 FTE jobs.

Start-ups consistently add to employment in the economy, even through the global financial crisis.

Figure 2: Net employment growth by firm age, 2006–2011



Source: ABS (2015) Expanded Analytical Business Longitudinal Database 2001–02 to 2012–13

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Not all start-ups are equal

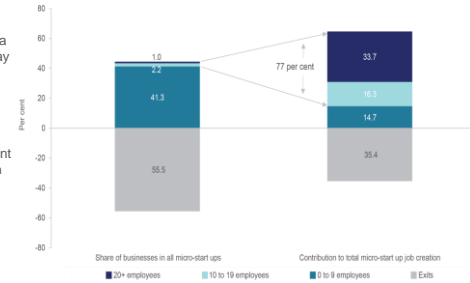
High growth start-ups do most of the heavy lifting

There are three possible employment trajectories for a start-up. They either exit, stay the same size or grow.

Most micro-start-ups either exit or grow very little.

High growth start-ups account for the majority of job growth (77 per cent) created by start-ups.

Figure 3: Employment growth performance of micro-sized start-ups, 2002–2011



Source: ABS (2015) Expanded Analytical Business Longitudinal Database 2001–02 to 2012–13

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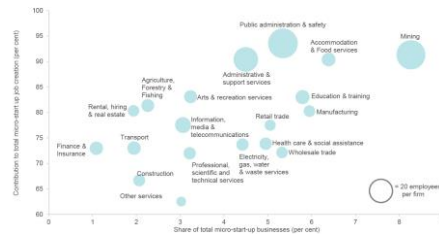
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High growth start-ups are everywhere

These high growth start-ups are found in all sectors of the economy

There are approximately 6,000 to 8,000 of these firms entering the economy a year.

Figure 4: Micro-sized start-up activity, by industry, 2002–2011



Source: ABS (2015) Expanded Analytical Business Longitudinal Database 2001–02 to 2012–13

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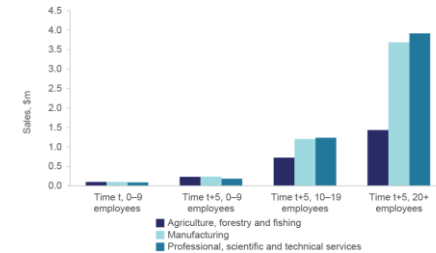
High growth start-ups are highly competitive

High growth start-ups exhibit superior performance

This happens in every sector and in every cohort studied.

We have observed superior sales, profit, value added, employment, CAPEX and intermediate expenditure.

Figure 5: Sales across the different micro-sized start-up classes, by select industry, 2006–2011 cohort



Source: ABS (2015) Expanded Analytical Business Longitudinal Database 2001–02 to 2012–13

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Our start-up rate is in long term decline

Start-ups are declining as a share of all firms

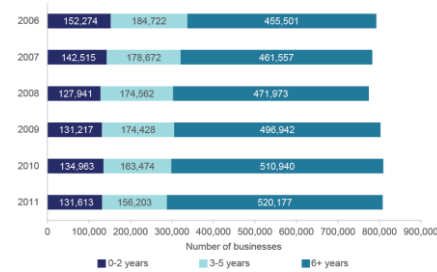
Australia's start-up share of total employment has been falling.

The share of start-ups in gross job creation has fallen in recent years, from around 32 per cent to less than 15 per cent.

This is also the case in many other countries.

Australia still has a relatively high rate of start-up activity.

Figure 6: Age composition of SMEs, 2006–2011



Source: ABS (2015) Expanded Analytical Business Longitudinal Database 2001–02 to 2012–13

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Start-up growth prospects are relatively low

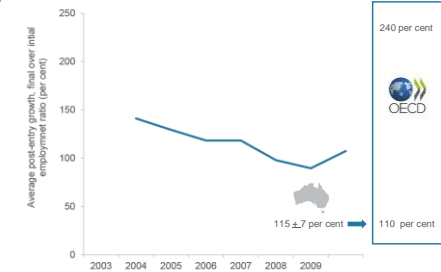
Start-ups have low growth prospects relative to other countries

This varies by sector.

This is worse for Manufacturing than it is for services sectors.

Film, arts and insurance services are low. Mining, air transport and Warehousing services are high.

Figure 7: Average growth of surviving start-ups, 2003–2009



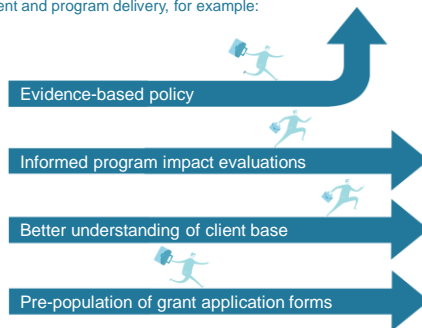
Sources: ABS (2015) Expanded Analytical Business Longitudinal Database 2001–02 to 2012–13

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Potential new uses of EABLD

The EABLD opens new possibilities for use in policy development and program delivery, for example:



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Access to EABLD

Expanding access channels would further increase policy usefulness of EABLD

There are currently two ways to access the EABLD and both involve a fee for service:

- ABS performs analysis on behalf of the client.
- ABS runs code provided by the client.

Potential opportunities to expand access to EABLD:

- through the ABS Remote Access Data Laboratory (RADL).
- through ABS Table Builder.
- by ABS publishing occasional papers based on EABLD which can serve as foundations for further research.

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Summary

Unpacking employment growth

High level summary

- 1. Start-ups drive employment growth in the economy
- 2. Start-up activity is in long term decline
- 3. EABLD can provide answers to a range of policy-relevant questions.

Further information

Contact Details



Reference

Hendrickson L, Balaguer A, Bucifal S & Hansell D (2015) *The employment dynamics of Australian entrepreneurship*, Office of the Chief Economist Research Paper 2015/3, Department of Industry and Science, Canberra

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