

# SMALL BUSINESS IS OUR ENGINE ROOM

*Small business has often been referred to as 'the engine room' of our economy. Master Builders director Michael McLean reports on a recent Bankwest and Curtin University analysis which reveals some important findings on the current state of small business in WA.*

**A**S of June 2016, over 218,000 small businesses in Western Australia accounted for nearly 97 per cent of all businesses operating in our state. These businesses employed over 41 per cent (or over 510,000) of WA's workforce and contributed nearly \$40 billion to the state's economy.

The housing industry is comprised of thousands of small businesses which help to build the homes we live in today. These small businesses range from designers and draughtspersons to specialist tradies such as bricklayers, concreters, plasterers, plumbers, painters, tilers, cabinetmakers and electricians. Some of these businesses work primarily for the same builder whereas others move around the industry in response to the demand and workload.

Between 2013 and 2016, the number of small businesses in WA increased by 7.6 per cent. Interestingly, over 62 per cent (140,000 approximately) of all businesses in WA don't employ anyone, whereas 25 per cent (56,000 approximately) employ between one and four employees.

More than 75 per cent of WA's small businesses operate in the Perth metropolitan area compared to regional areas.

The greatest number of small businesses (41,500 or nearly 20 per cent) work in the building industry and contribute more to our state's economy than any other industry sector, including mining.

Of all wages and salaries paid in WA in 2014/15, small businesses accounted for 23 per cent. One of the issues that is currently being reviewed at a national level is security

of payment for subcontractors which, in the main, are small businesses. Master Builders has contributed to this review as we are keen to ensure small businesses are paid their due entitlements without having to impose a heavy regulatory burden on other businesses – the vast majority of whom are doing the right thing.

The strength of the small business sector is highlighted by the fact that although employment in the building industry decreased by 8.1 per cent between 2012-13 and 2014-15, small businesses in our industry increased employment by 10 per cent.

The region recording the highest growth rate for small businesses between 2011-16 was Jandakot following approval of a master plan to transform it into a commercial and industrial precinct.

With WA's economy struggling at the moment, the McGowan government would do well to recognise the important role small businesses play when framing its first State Budget for release in September this year. Any tax relief and fewer obstacles to doing business would be well received by small businesses.

The Bankwest-Curtin Economics Centre (BCEC) Small Business Survey of 1500 small businesses around WA confirms yet again that small business is the engine room of our economy.

Readers can access a full copy of the BCEC Report and Survey via [http://bcec.edu.au/assets/BCEC-Engine-Room-for-Growth-Small-Business-Report-2017\\_web.pdf](http://bcec.edu.au/assets/BCEC-Engine-Room-for-Growth-Small-Business-Report-2017_web.pdf).

