



Lockdowns Crush Small Business Workers

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Small business workers across Australia have been devastated by the recent wave of lockdowns, losing 420,000 jobs in just 21 days – or 20,000 jobs per day – according to a new analysis by the Institute of Public Affairs.

The analysis, based on Australian Bureau of Statistics data, shows that job losses occurred in small and medium-size businesses between 26 June and 17 July while jobs in large businesses increased.

Job losses were heaviest in New South Wales, with over 200,000 small business workers, 64,000 medium-sized business workers, and 12,000 large business workers losing their jobs. This means that for every job loss from a large business, there were 17 job losses in small businesses across NSW.

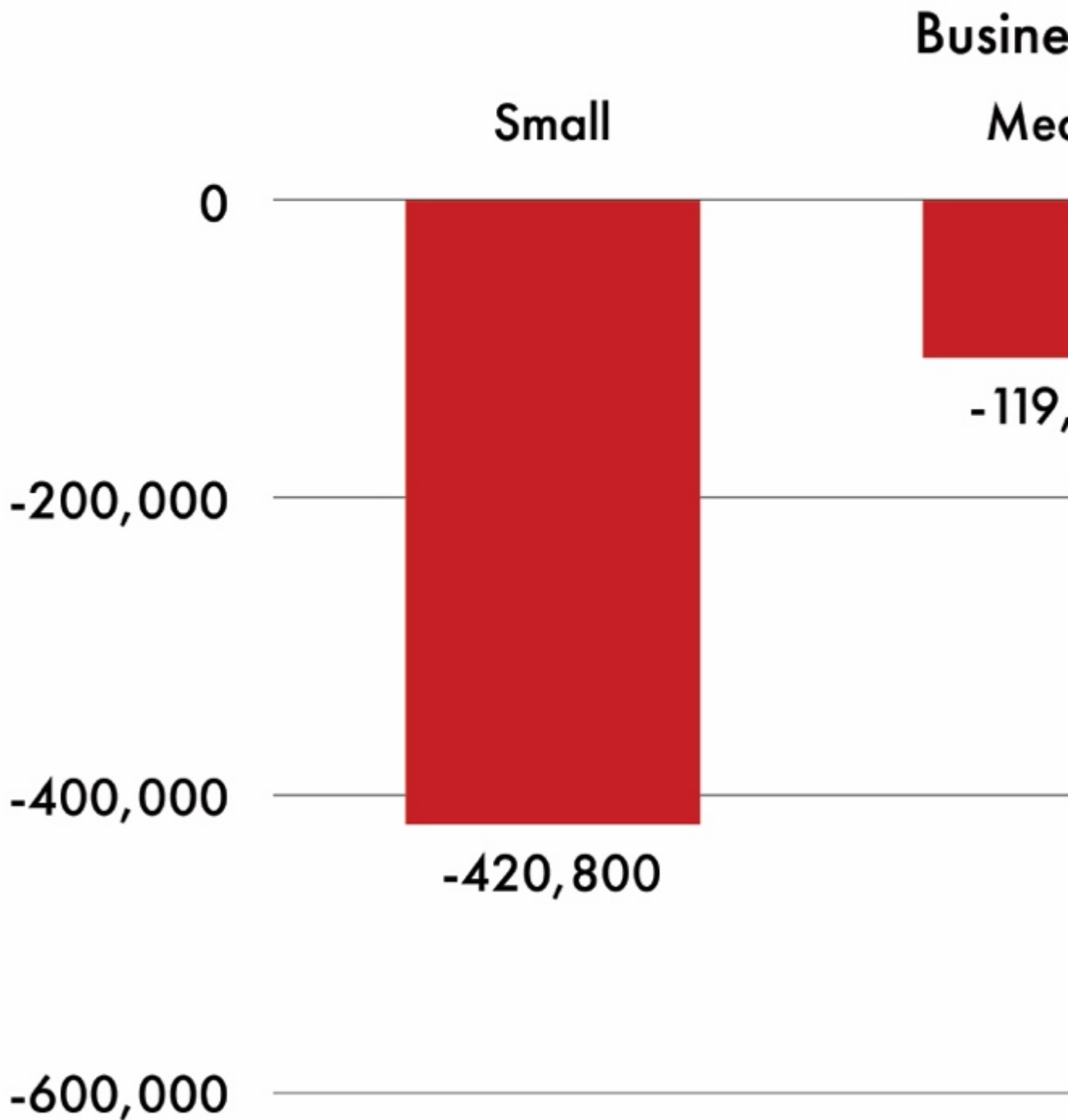
“Lockdown measures have a much larger impact on small businesses than they do on large businesses. Small businesses have always been a central component of the Australian way of life,



but their owners and workers are being devastated by repeated lockdown measures,” said Kurt Wallace, Research Fellow at the Institute of Public Affairs.

“Every time a lockdown is implemented, the effect is the same: thousands of small business workers are forced out of work, while those working for large corporates are far more likely to keep their jobs.”

Job changes by business size across Aust





“The legacy of the lockdown restrictions will be an economy dominated by large conglomerates with local communities being stripped of the small businesses that are integral to their character.”

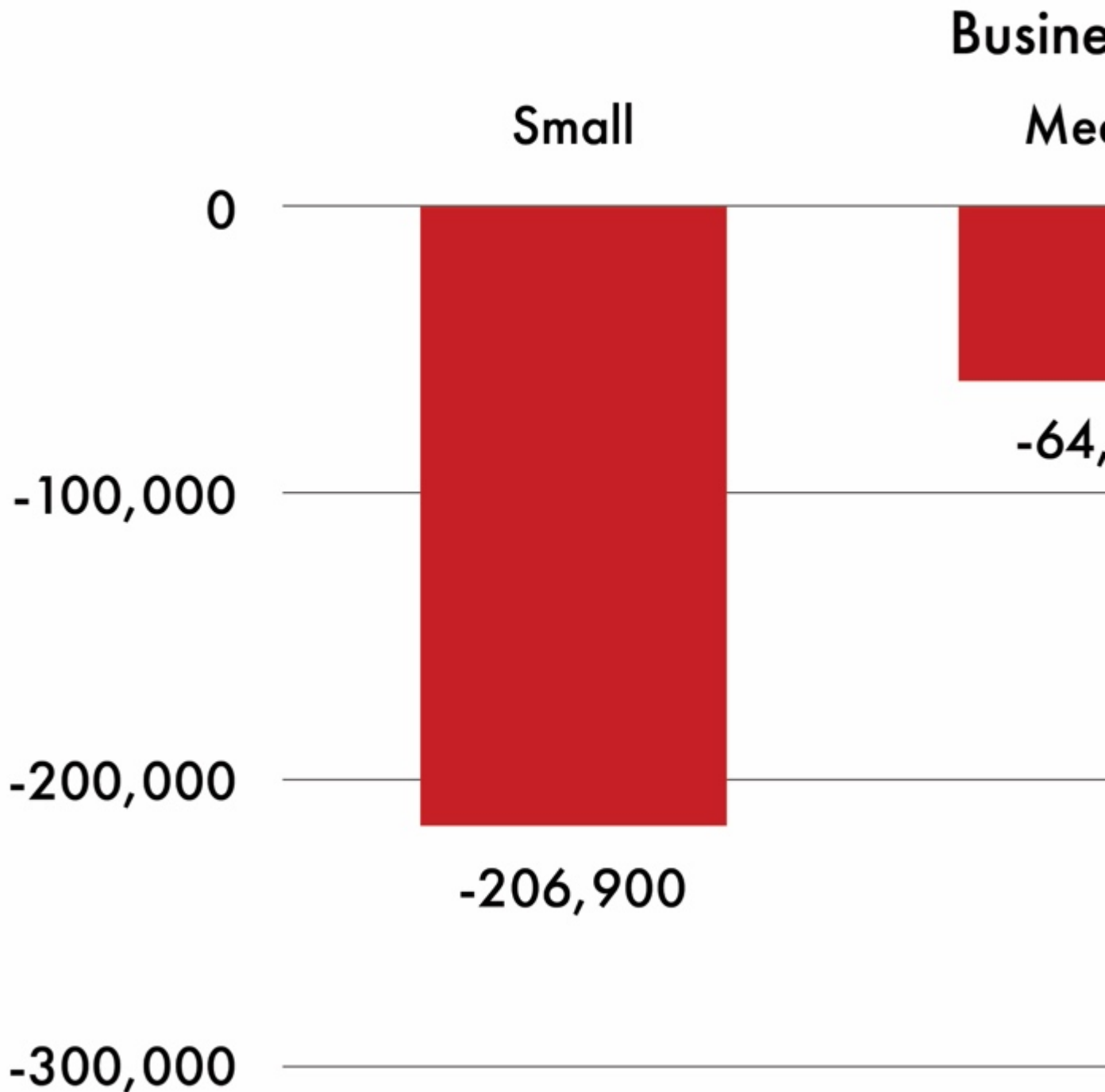
“Lockdowns have the same effect as an aggressive form of asset stripping, where all of the capital from small businesses is stripped and re-directed toward big corporates,” said Mr Wallace.

Other data from the ABS’s *Business Conditions and Sentiments* releases support this analysis. In May 2021, 16% of small businesses reported that it would be difficult to meet financial commitments over the next three months compared to 9% of large businesses.

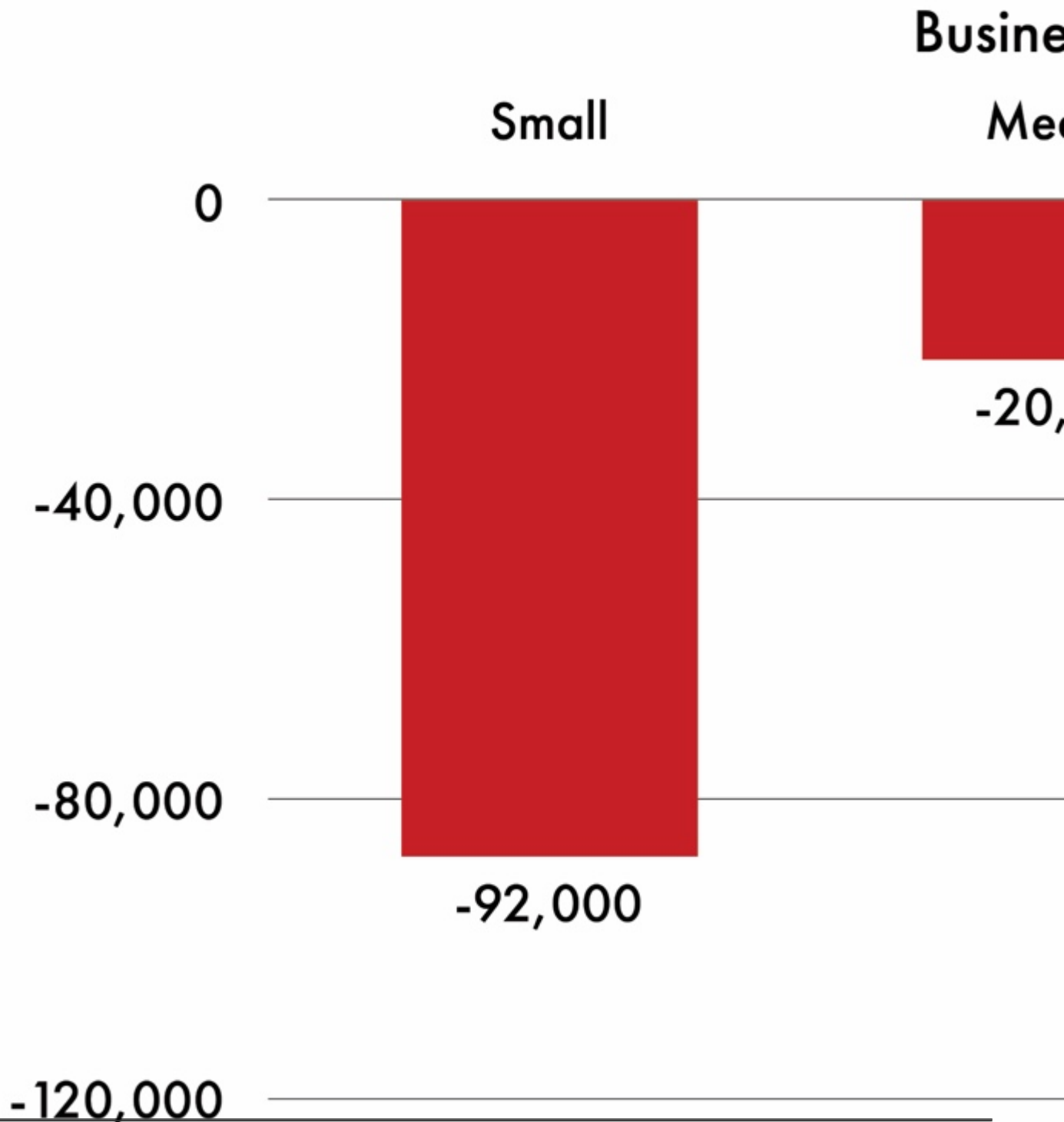
Small businesses are disproportionately harmed by lockdowns for several reasons:

- Small businesses are less likely to be able to accommodate remote working. Large businesses are more than twice as likely to have introduced remote working than small businesses. In April 2021, 75% of large businesses had remote workers compared to just 30% of small businesses.
- Small businesses are less able to withstand prolonged periods of reduced revenue. In May 2021, 43% of small businesses reported that their cash on hand could cover less than 3 months of business operations compared to 25% large businesses.
- Small businesses are more likely to have difficulty obtaining external funding. In May 2021, 13% of small businesses that sought funding were not successful, compared to 0% of large businesses.

Job loses by business size in NSW



Job changes by business size in Victoria



An IPA [report](#) released in October last year warned that lockdowns were “changing the structure of the Australian economy in favour of fewer, entrenched, larger businesses”. The report demonstrated that small business employment declined by 325,500 between March and September compared to a decline of 73,500 for big businesses.

Methodology

Job losses by business size were calculated by combining several datasets from the Australian Bureau of Statistics. The ABS’s *Australian Industry* data was used to obtain the share of employment by business size as of June 2020 in each state and territory. This is the most recent data available, and these shares were assumed to be equivalent to the shares in June 2021. The total number of employees in each state and territory as of June 2021 were obtained from the ABS’s monthly *Labour Force, Australia* dataset. Combining these two data sets allowed us to obtain an estimate for the number of people employed by the size of their employing business in June 2021. Finally, the ABS’s *Weekly Payroll Jobs and Wages* dataset was used to estimate changes in these jobs by business size between 26 June 2021 and 17 July 2021. Small businesses are classified as those with fewer than 20 employees, medium businesses with 20 to 199 employees, and large businesses with 200 or more employees. The payroll data treats those who have been stood down during lockdown as unemployed. While these individuals are treated as employed in the official monthly unemployment data, the majority of these individuals are without work or pay. While many stood down individuals maintain a connection to their employer, extended lockdowns result in them being effectively unemployed.