

December 2009

*Sensis[®] Business Index-
Small and Medium Enterprises*



Sensis® Business Index - Small and Medium Enterprises

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Introduction

The Sensis® *Business Index* is an ongoing series of surveys tracking confidence and behaviour of Australia's small and medium enterprises (SMEs). These surveys have been undertaken quarterly since 1993.

The primary objectives of the Sensis® *Business Index* are to:

- track small and medium business activity over the past three months
- track expectations over both the current three and 12 month periods
- measure overall confidence among SMEs.

Another purpose of the Sensis® *Business Index* is to provide an independent, objective assessment of proprietors' experiences and attitudes on key issues.

The Sensis® *Business Index* is based on a sample size of 1,800 SMEs from metropolitan and regional areas of Australia. It includes businesses within the manufacturing, wholesale and retail trade, hospitality, construction, communication, property, business services, health, community services, cultural and recreational industries.

The Sensis® *Business Index* enables broad scrutiny of the SME market, as well as an understanding of trends and issues relevant to this sector. It examines the differences in attitudes and experiences between regional and metropolitan SMEs and between small and medium enterprises. The aim of the Sensis® *Business Index* is to reflect the attitudes and behaviour of approximately 99 per cent of the Australian business sector.

Results in the Sensis® *Business Index* are reported as a net balance, which represents the total number of positive responses minus the total number of negative responses. All results are based on the responses of SMEs surveyed.

The Sensis® *Business Index* is an initiative of Sensis Pty Ltd as part of its commitment to this vital business sector. Sensis is Australia's leading information resource and is a wholly owned Telstra subsidiary. Sensis' popular information services make complex lives simpler by helping Australians find, buy and sell. These services include Yellow Pages®, White Pages®, CitySearch®, Whereis® and GoStay®.

About the survey

Since its inception in 1993, the Sensis® *Business Index* has been one of the most extensive and regular surveys of small businesses in Australia. Historically, the Sensis® *Business Index* has focused specifically on businesses employing 19 people or fewer. In November 2000 it was expanded to cover the medium business sector, while the regional and industrial sectors were also enhanced.

The December 2009 Sensis® *Business Index* results are based on telephone interviews conducted with 1,800 small and medium business proprietors. The sample size comprises approximately 1,400 small businesses and 400 medium businesses (the latter defined as businesses employing between 20 and 199 people).

Businesses interviewed for the December 2009 Sensis® *Business Index* were drawn from metropolitan and major non-metropolitan regions within Australia (referred to throughout this report as “regional”). Quotas were set for geographical location and type of business in order to produce the standard sample structure shown below. Where replacement businesses are recruited, this sample structure is maintained.

At the analysis stage, results were weighted by selected Australian New Zealand Standard Industrial Classification (ANZSIC) divisions within the metropolitan and non-metropolitan region of each state and territory. This ensured the sample reflected the actual small and medium business population distribution. The Australian Bureau of Statistics (ABS) Business Register, as at June 1998, was used to weight the sample to be representative of the total business population.

Interviewing for this survey was conducted from 30 October to 20 November 2009. The report covers experiences over the past three months (August to October 2009), and expectations for both the current quarter (November 2009 to January 2009) and the 12 months ending October 2010.

Location of business				Division	
	Total	Metro	Non-metro		
New South Wales	300	240	60	Manufacturing	200
Victoria	300	240	60	Building/Construction	250
Queensland	300	165	135	Wholesale Trade	150
South Australia	225	195	30	Retail Trade	250
Western Australia	225	195	30	Accommodation, Cafes and Restaurants	100
Tasmania	150	90	60	Transport/Storage	150
Northern Territory	150	90	60	Finance and Insurance	100
Australian Capital Territory	150	150	-	Communication, Property and Business Services	300
Total	1800	1365	435	Health and Community Services	150
				Cultural, Recreational and Personal Services	150
				Total	1800

Executive summary

For the third successive quarter, business confidence among SMEs increased, with confidence at its highest level since economic conditions started to decline in August 2007. However, the latest increase was relatively small compared to the strong increases recorded in the past two quarters, reflecting increases in confidence were starting to stabilise. In addition to improved levels of confidence, current perceptions of the economy rose strongly for the third successive quarter; however perceptions about the future economic direction fell by seven percentage points. The primary issue reported by SMEs this quarter continued to be a lack of work or sales, followed by cash flow and the economic climate. Some 37 per cent of SMEs reported they currently faced no problems at all. SMEs reported improved performance in most key indicators with the exception of capital expenditure which fell. However, expectations for the next quarter fell across all indicators, with the exceptions of capital expenditure, where expectations were unchanged in the medium term. Expectations for the year ahead were varied, with increases expected for sales, wages and profitability and falls expected in employment, prices and capital expenditure.

Support for the Federal Government also fell this quarter, however small businesses remaining strongly supportive of the economic stimulus package. The governments in Western Australia and the Northern Territory were the most supported government by SMEs overall, with New South Wales Government the least supported state or territory government.

Other key findings from the Sensis® *Business Index* included in the executive summary are:

1. historical trends and highlights of recent trends for SMEs generally
2. small versus medium business trends
3. metropolitan versus regional business trends
4. industry sector comparisons; and,
5. business cycle analysis based on the findings from this Sensis® *Business Index*.

Historical trends and overall SME highlights

- Business confidence among SMEs continued to improve during the past quarter and is now at its highest point since August 2007.
- The strongest level of business confidence was recorded in the Northern Territory. The Australian Capital Territory recorded the lowest level of business confidence this quarter. The largest increase in business confidence was recorded in the Northern Territory.
- Perceptions of the current state of the Australian economy improved to their highest level since November 2007. However, the proportion of SMEs which felt the economy would be better in a year's time fell by seven percentage points over the past quarter.
- All key performance indicators rose in the last quarter, with the exception of capital expenditure which fell.
- In the short term, SMEs were expecting falls for all indicators, with the only exception being capital expenditure in the medium term where the expectation was unchanged.
- A lack of work or sales remained the primary concern of SMEs this quarter, however this concern has continued to decline this quarter. This was followed by cash flow, which increased in concern levels; and the economic climate, which was unchanged in concern levels from the previous quarter.
- Some 37 per cent of SMEs reported facing no problems in their business, up two percentage points in the past quarter.
- Support for the Federal Government's policies fell seven percentage points in the past quarter. SMEs were, on balance, strongly supportive of the economic stimulus package, however those that felt their policies were not supportive of small business reported feeling not enough incentives were offered for small businesses.
- The governments in the Northern Territory and Western Australia were the most supported state and territory governments in Australia, with both of these governments reporting the same support level as the Federal Government. The New South Wales Government recorded the lowest level of support for a state or territory government.

Small versus medium enterprises

The main differences to emerge between small and medium businesses during the past quarter included:

- Small businesses were more confident than medium businesses by six percentage points.
- Medium businesses held more positive views on the current state of the economy, as well as their views on where the economy would be in a year's time.
- Medium businesses recorded higher performance than small businesses for sales, employment, wages, profitability and capital expenditure.
- Small businesses were more likely than medium businesses to have reported having increased prices in the past quarter.

Metropolitan versus regional

The key differences to emerge between metropolitan and regional businesses during the past quarter included:

- Reversing the results of the previous four quarters, metropolitan businesses were more confident than their regional counterpart. The top reason driving confidence in metropolitan areas was businesses feeling established and experienced in their business operations, while SMEs in regional areas were most likely to feel confident because of an increase in business.
- Metropolitan businesses were more negative than regional businesses about the current state of the Australian economy. There was no difference between metropolitan and regional SME's views on the future economic direction.
- Regional businesses reported higher performance than metropolitan businesses across every performance indicator in the past quarter.
- Metropolitan businesses reported higher expectations for the coming quarter than regional businesses for sales, wages and profitability, while regional SMEs were more likely to be expecting increases in employment and prices.
- Regional businesses were marginally more supportive of the Federal Government's policies.

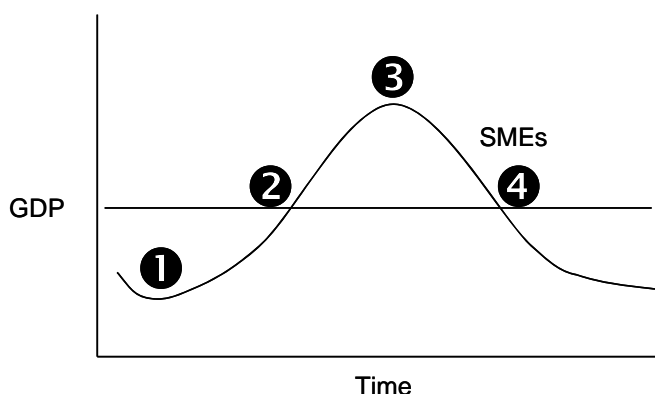
Industry sector trends

Several trends emerged throughout the industry sectors this quarter, including:

- Confidence was highest in the building and construction sector.
- Confidence was lowest in the manufacturing sector.
- The transport and storage sector recorded the strongest improvement in confidence levels of any sector.
- The finance and insurance sector reported strong performance in the past quarter, with the highest net performance in sales and profitability for the second successive quarter.
- The retail trade sector recorded the weakest performance in sales and profitability over the past quarter.
- The strongest employment performance was recorded in the accommodation, cafes and restaurants sector, with SMEs in that sector also most likely to report increases in wages.
- Looking ahead the retail trade sector recorded the strongest expectations for the coming quarter for sales, wages, and profitability.
- The wholesale trade sector was the most likely to be expecting to increase employment in the coming quarter.
- The accommodation, café and restaurant sector was the most supportive of the Federal Government's policies, with the wholesale trade sector the least supportive.

SME business cycle analysis

The Business Cycle and SMEs



When examining the 12-month trends for a range of key business and economic indicators, it is possible to gauge the likely direction of the Australian economy.

The table below shows an assessment of each indicator’s performance in relation to the state of the economy. Shaded areas highlight the position of each indicator as a result of the findings from this Sensis® Business Index relative to the normal business cycle.

Analysis of the key indicators from the November 2009 Sensis® Business Index suggests an economic environment that is still improving, however the rate of growth in many key indicators is now showing signs of moderation. Indicators such as confidence and views on the economy have shown recovery now for three successive quarters, and SMEs are still expecting increases in many indicators but have moderated their expectations in many areas for both the short and medium terms. Investment, in particular, remains an area where SME expectations are relatively weak.

Highlighted sections show the indicators relevant to SMEs for the November 2009 Sensis® Business Index.

1. Trough	2. Recovery	3. Peak	4. Slow Down
Low business confidence	Rising confidence	Strong business confidence	Falling business confidence
Poor perceptions of the economy	Rising perceptions of the economy	Strong perceptions of the economy	Declining perceptions of the economy
Weak sales	Improving sales	Strong sales	Declining sales
Low investment	Rising investment	High investment	Declining investments
Pessimistically low investment expectations (i.e. high realisation ratio)	Investment expectations improving but still on the low side	Optimistically high investment expectations (i.e. low realisation ratios)	Investment expectations weakening but still on the high side
Low selling price rises	Rising selling prices	High selling prices	Selling price rises weakening
Weak profitability	Improving profitability	Strong profitability	Declining profitability
Flat employment	Rising employment	Strong employment	Declining employment
Low wages growth	Rising wages	High wages growth	Moderating wages growth

Small and medium business outlook – national summary

Confidence in own business prospects over the next 12 months

Key findings

The confidence level of Australian SMEs continued to show some growth, however recorded only a small increase in the latest quarter, following two quarters of strong growth. SME confidence is now at the highest level recorded since August 2007.

The key reasons SMEs gave for lacking confidence this quarter related to reports of decreases in business, with businesses noting people were not spending and with businesses reporting they provided luxury or non-essential products or services. The main reasons given by those SMEs that were confident included providing good customer service, and believing their business or the economy was growing.

Last quarter (September to November 2009)

SMEs recorded further improvement in business confidence with a net balance of 52 per cent. This result comprises of 67 per cent of businesses confident about their prospects for the year ahead and 15 per cent concerned.

The further increase in SME confidence levels of two percentage point reflects continued strengthening in SME sentiment and remains the highest level of SME confidence recorded since August 2007, when confidence was at 59 per cent, before economic conditions started to deteriorate in Australia.

The main reason businesses gave for feeling worried about their prospects related to a decrease in business, with SMEs noting they felt concerned about people not spending money, and a view they sold luxury or non-essential products or services.

Those businesses confident indicated they felt their businesses provided good customer relations as well as feeling their business and the economy has or will improve as the key reasons behind their confidence.

There are three key indicators that provide an overall assessment of SME confidence levels:

- business confidence
- current perceptions of the Australian economy
- future expectations for the Australian economy.

These results show the latest improvement in business confidence is in line with SME views on the economy, however the increase in both indicators is now showing a degree of moderation compared to the larger increases in the previous two quarters.

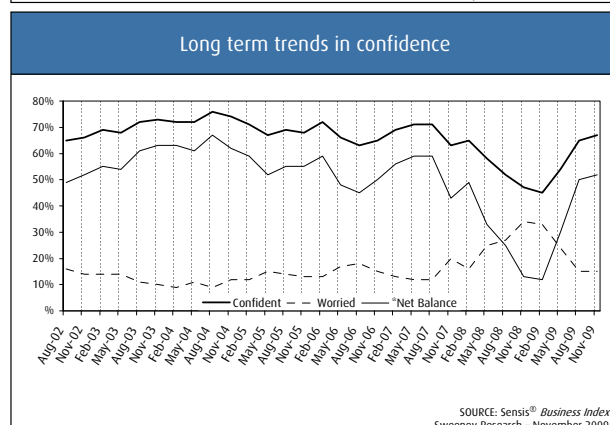
Overall confidence November 2009			
	Small Business (up to 19 employees)	Medium Business (20 - 199 employees)	Total Small and Medium
Extremely confident	13%	10%	13%
Fairly confident	54%	56%	54%
Neutral	18%	15%	18%
Fairly worried	11%	18%	12%
Extremely worried	3%	1%	3%
Total confident	67%	66%	67%
Total worried	14%	19%	15%
*Net Balance	+53%	+47%	+52%

Q. Thinking about the next twelve months, how confident do you feel about your business prospects?

SOURCE: Sensis® Business Index
Sweeney Research – November 2009

Confidence trends - past five quarters					
	Nov 08	Feb 09	May 09	Aug 09	Nov 09
Extremely confident	8%	7%	11%	12%	13%
Fairly confident	39%	38%	43%	53%	54%
Neutral	18%	22%	23%	21%	18%
Fairly worried	28%	26%	20%	13%	12%
Extremely worried	6%	7%	4%	2%	3%
Total confident	47%	45%	54%	65%	67%
Total worried	34%	33%	24%	15%	15%
*Net Balance	+13%	+12%	+30%	+50%	+52%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009



Confidence by state, sector and size

Key findings

The highest levels of business confidence in the past quarter were recorded in the Northern Territory. SMEs in the Northern Territory also recorded the largest rise in confidence in the past quarter. The lowest level of business confidence was recorded in the Australian Capital Territory. Regional SMEs reported slightly lower confidence levels than their metropolitan counterparts. Confidence was highest among SMEs in the building and construction sector, and lowest among SMEs in the manufacturing sector.

Last quarter (August 2008 to October 2009)

The highest overall confidence was recorded in the Northern Territory, with the lowest confidence levels recorded in the Australian Capital Territory. Apart from SMEs in the Australian Capital Territory and South Australia, SMEs in all other states and territories recorded increased business confidence in the past quarter. The largest rise in SME confidence was recorded in the Northern Territory, where confidence was up by nine percentage points, with only the Australian Capital Territory recording a lower level of SME confidence in the past quarter, down six percentage points. SME confidence was unchanged in South Australia.

The building and construction sector recorded the highest confidence at a net 65 per cent; however this was down two percentage points in the past quarter. The lowest confidence levels were recorded in the manufacturing sector, with a net balance of 33 per cent, down one percentage point in the past quarter. The transport and storage sector recorded the largest improvement, with confidence having risen by 25 percentage points in that sector. Falls in confidence levels were recorded amongst SMEs in the manufacturing, building and construction, finance and insurance and health and community services sectors.

Confidence was higher among SMEs in metropolitan areas in the past quarter. Despite metropolitan confidence being higher overall, higher regional confidence levels were recorded in Tasmania and Western Australia. The highest confidence by location overall was in metropolitan areas of the Northern Territory. The largest increase was among SMEs in metropolitan Queensland. Falls in confidence were recorded in metropolitan areas of South Australia and the Australian Capital Territory, as well as in regional areas of Queensland and Western Australia.

Trends by state *net balance					
	Nov 08	Feb 09	May 09	Aug 09	Nov 09
National	13%	12%	30%	50%	52%
New South Wales	5%	-3%	20%	46%	49%
Victoria	11%	11%	35%	52%	55%
Queensland	25%	28%	32%	50%	52%
South Australia	12%	16%	33%	52%	52%
Western Australia	14%	34%	35%	52%	56%
Tasmania	37%	20%	32%	60%	66%
Northern Territory	24%	43%	48%	60%	69%
Australian Capital Territory	37%	16%	7%	27%	48%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009

Metro and regional confidence *net balance			
	Metro	Regional	Total
National	54%	48%	52%
New South Wales	51%	45%	49%
Victoria	58%	42%	55%
Queensland	58%	47%	52%
South Australia	54%	48%	52%
Western Australia	51%	71%	56%
Tasmania	63%	68%	66%
Northern Territory	74%	64%	69%
Australian Capital Territory	48%	N/A	48%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009

Confidence by business size			
	Confident	Worried	*Net Balance
Total	67%	15%	52%
1-2 Employees	65%	14%	51%
3-4 Employees	73%	16%	57%
5-9 Employees	68%	17%	51%
10-19 Employees	69%	12%	57%
Total Small Business	67%	14%	53%
20-99 Employees	66%	18%	48%
100-199 Employees	67%	24%	43%
Total Medium Business	66%	19%	47%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009

Confidence by sector			
	Confident	Worried	*Net Balance
Manufacturing	56%	23%	33%
Building/Construction	72%	7%	65%
Wholesale Trade	68%	17%	51%
Retail Trade	59%	19%	40%
Transport/Storage	70%	11%	59%
Communication Property & Business Services	72%	11%	61%
Finance and Insurance	72%	17%	55%
Health and Community Services	70%	14%	56%
Cultural, Recreational and Personal	71%	16%	55%
Accommodation, Cafes and Restaurants	65%	17%	48%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009

* Net balance is defined as the difference between the percentage who are confident and the percentage who are worried.

Perceptions of the economy

Key findings

Together with the continued improvement in confidence, net perceptions of the Australian economy again rose among SMEs for the third successive quarter. Despite this increase in perceptions of the current state of the economy, SME operators were expecting economic conditions to be worse in a year's time.

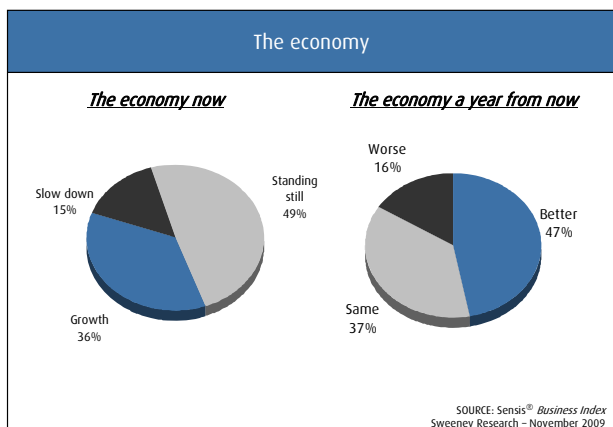
Last quarter (August to October 2009)

There was a further increase of 12 percentage points in the proportion of SMEs that felt the economy was currently growing. Coupled with this was a decrease of three percentage points in the proportion of SMEs that felt the economy was currently slowing. This resulted in a rise in the overall perception of the current state of the economy, with a net balance of 21 per cent of businesses believing the Australian economy is currently growing. This was a further improvement of 15 percentage points from last quarter and the highest level for this indicator since November 2007.

SMEs in every state and territory recorded positive perceptions of the current state of the Australian economy. The highest perceptions of the economy were recorded in the Australian Capital Territory at a net positive 44 per cent. While perceptions of the current state of the economy were net positive in all states and territories, however the lowest perceptions on balance were recorded in New South Wales at net 15 per cent.

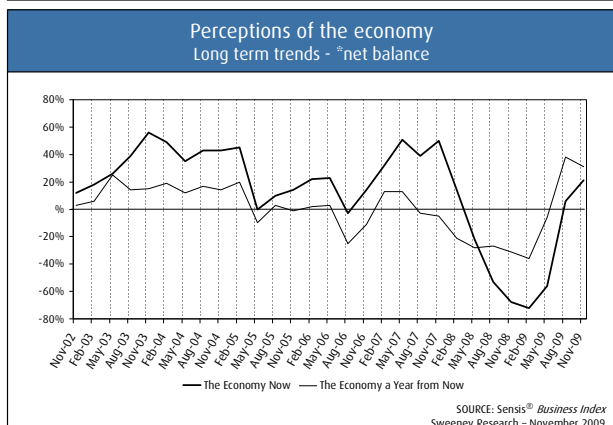
SMEs in all states and territories recorded improved views of the economy. The largest improvement was in Tasmania where perceptions of the current state of the economy increased by 34 percentage points in the past quarter.

While perceptions of the current economic situation improved, expectations for the year dropped, with net positive 31 per cent of SMEs believing the economy would be better in a year's time. This represents a fall of seven percentage points from last quarter's result.



Perceptions of the economy - trends					
	Aug 08	Nov 08	Feb 09	May 09	Nov 09
<i>The economy now</i>					
Growth	4%	2%	4%	24%	36%
Slowing	72%	74%	60%	18%	15%
*Net Balance	-68%	-72%	-56%	+6%	+21%
<i>The economy a year from now</i>					
Better	14%	15%	29%	51%	47%
Worse	45%	51%	35%	13%	16%
*Net Balance	-31%	-36%	-6%	+38%	+31%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009



Perceptions of the economy by state								
	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
<i>The economy now</i>								
Growth	33%	35%	34%	45%	46%	36%	33%	52%
Slowing	18%	14%	15%	11%	9%	11%	10%	41%
*Net Balance	+15%	+21%	+19%	+34%	+37%	+25%	+23%	+44%
<i>The economy a year from now</i>								
Better	48%	46%	43%	46%	47%	54%	41%	65%
Worse	17%	16%	18%	17%	15%	10%	15%	10%
*Net Balance	+31%	+30%	+25%	+29%	+32%	+44%	+26%	+55%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009

* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

Expectations on key indicators for the next 12 months

Key findings

With SMEs confidence and economic views showing signs of moderation, the proportion of SMEs expecting their business performance to improve in the next twelve months is also showing signs of moderation in some areas. Increases were expected in sales and profitability, but more SMEs were expecting falls in employment and capital expenditure. While SMEs were expecting net increases in wages, they were not expecting to be able to increase the prices charged for their goods and services, which has the potential to exacerbate cash flow problems over the medium term.

Next 12 months (November 2009 to October 2010)

Sales expectations rose during the quarter from net positive 51 per cent to a net positive 57 per cent, an increase of six percentage points. This result comprised 65 per cent of SMEs that thought sales would rise in the next year, while eight per cent expected a fall. SMEs in Victoria recorded the strongest net sales expectations by state and territory for the year ahead, with a net balance result of 63 per cent. The wholesale trade sector recorded the strongest industry result with a net balance of 67 per cent. The accommodation, café and restaurant sector was at the other end of the scale with a net balance result of 44 per cent.

Employment expectations for the year ahead fell to a net balance of 17 per cent, softening by two percentage points from last quarter. At a state and territory level the Australian Capital Territory recorded the highest results with a net balance of 22 per cent. At an industry level the health and community services sector recorded the strongest employment result at 25 per cent. The sector with the lowest employment expectations for the year ahead was the building and construction sector with a net balance of six per cent.

The total wages and salary costs expectations for the year ahead rose two percentage points during the quarter, with a net balance result of 3 per cent of SMEs expecting an increase. The strongest wage expectations for the year ahead were recorded in South Australia (46 per cent). The transport and storage sector was the industry expecting the greatest increase in wages over the next year (47 per cent).

The selling price expectations for the year ahead dropped two percentage points during the quarter, with a net balance of 36 per cent of SMEs expecting to increase the prices they charge over the year ahead. At the state and territory level the Northern Territory recorded the strongest selling price expectations for the year ahead with a net balance result of 49 per cent. At an industry level the strongest price expectations for the year ahead was again recorded in the health and community services sector at 49 per cent.

Profitability expectations rose by five percentage points to net 51 per cent. Victoria again recorded the strongest profit expectations for the year ahead with a net balance result of 59 per cent, up eight percentage points. The lowest expectations were in Tasmania with a net balance result of 32 per cent. At an industry level the wholesale trade and cultural, recreational and personal services sectors recorded the strongest annual profit expectations with a net balance result of 61 per cent each.

Capital expenditure also fell this quarter, the only indicator to record a fall for two successive quarters, dropping four percentage points to net positive three per cent. The strongest capital expenditure expectations for the next twelve months were again recorded in the Northern Territory (20 per cent).

Expectations on key indicators over the next 12 months November 2009			
	Expect an increase	Expect a decrease	*Net Balance
Value of sales	65%	8%	+57%
Size of workforce	20%	3%	+17%
Wages bill	41%	5%	+36%
Prices charged	40%	4%	+36%
Profitability	60%	9%	+51%
Capital expenditure	31%	28%	+3%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009

Expectations on key indicators Trends in *net balance					
	Nov 08	Feb 09	May 09	Aug 09	Nov 09
Value of sales	4%	-11%	18%	51%	57%
Size of workforce	4%	1%	7%	19%	17%
Wages bill	13%	7%	21%	34%	36%
Prices charged	34%	24%	30%	38%	36%
Profitability	-2%	-12%	16%	46%	51%
Capital expenditure	-10%	-11%	7%	7%	3%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009

* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

Concerns

Key findings

A lack of work or sales remained the most pressing concern faced by SMEs in the latest survey, however concern over this issue has fallen now for three consecutive quarters. Some 37 per cent of SMEs reported they were currently facing no significant problems in their business.

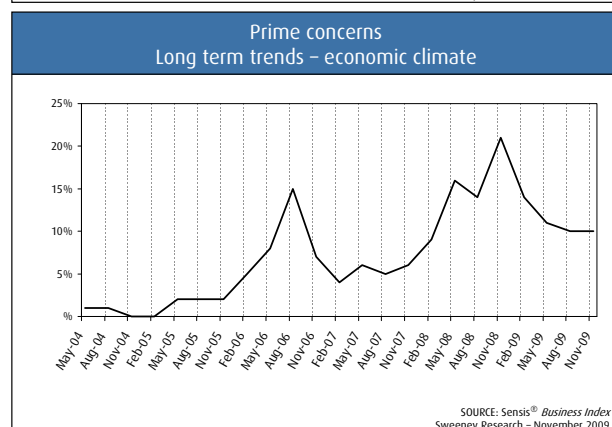
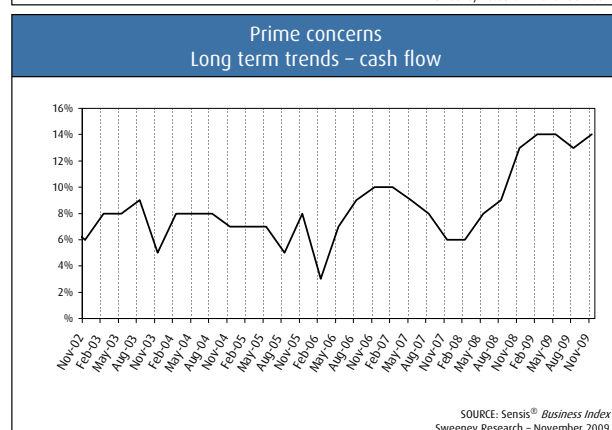
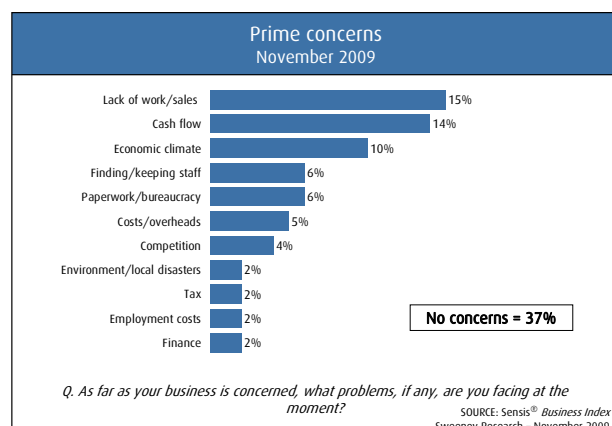
Last quarter (August to October 2009)

The proportion of SMEs reporting they were currently facing problems caused by a lack of work or sales fell three percentage points over the past quarter to 15 per cent, but remained the top concern facing SMEs in Australia for the sixth successive quarter. Reports of problems caused by a lack of work or sales were again highest in the Australian Capital Territory, where this problem was being reported by 21 per cent of SMEs, and lowest in the Northern Territory, where seven per cent of SMEs reported difficulties in this area. SMEs in the building and construction sector were most likely to report difficulties caused by a lack of work or sales this quarter.

The next most significant problem this quarter for SMEs was cash flow, with the proportion of SMEs reporting difficulties in this area up one percentage point to 14 per cent. This remains the equal highest level of concern for this issue since May 1999. Reports of difficulties with cash flow were highest in Victoria, where this problem was being reported by 16 per cent of SMEs, and lowest in the Australian Capital Territory, where six per cent reported difficulties in this area. SMEs in the transport and storage sector were most likely to report difficulties with cash flow this quarter.

Overall, 10 per cent of SMEs nominated the economic climate as an issue, which was unchanged in the past quarter. Concern over the economic climate includes issues such as consumer confidence and spending levels, interest and exchange rate concerns, concerns about the general economic climate, as well as global, state and regional economic concerns. The economic climate issue that was causing the most concern to SMEs this quarter remained concerns over people not spending.

Some 37 per cent of SMEs reported currently facing no problems in their business, up six percentage points in the past quarter, and the highest level recorded since February 2008. SMEs in the Northern Territory were most likely to report not having any problems in their business, with 56 per cent of SMEs in the territory reporting having no significant issues.



Sales

Key findings

The proportion of SMEs on balance reporting increased sales rose to its highest level since February 2008, with the first positive net balance recorded in this time period. However, looking forward, there was a significant fall in SMEs' sales expectations for the current quarter.

Last quarter (August to October 2009)

Sales performance recorded an improved net balance of net positive four per cent for the quarter, up by four percentage points from last quarter. This is the third successive increase in sales performance, with this indicator into net positive territory for the first time since February 2008.

Sales performance again varied dramatically across the states and territories. South Australia recorded the strongest performance this quarter, where a net 12 per cent of SMEs experienced increasing sales in the past quarter. At the other end of the scale, sales performance was lowest among SMEs in New South Wales, where a net negative one per cent of SMEs reported increasing sales. New South Wales was the only state or territory to record net negative sales performance in the past quarter.

The strongest sales performance was again recorded in the finance and insurance sector, with a net balance of 34 per cent of SMEs having reported increasing sales. The retail trade sector recorded the weakest industry performance, at net negative 13 per cent.

Current quarter (November 2009 to January 2010)

SMEs were expecting weaker sales in the short term. Sales expectations for the current quarter recorded a fall of 15 percentage points from the previous quarter to a net positive 21 per cent.

Expectations for sales growth varied around Australia, with the strongest expectations recorded in the Tasmania at net positive 43 per cent, unchanged in the past quarter. The weakest sales expectations for the coming quarter were recorded in the Northern Territory, at a net three per cent.

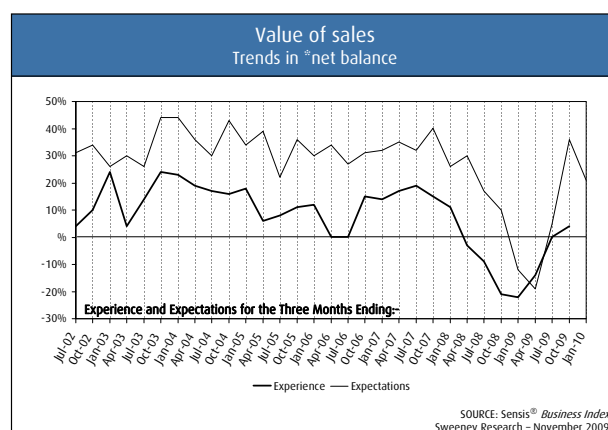
There was also variation in expectations on an industry basis. The strongest expectations for the current quarter were recorded in the retail trade sector (net balance of 38 per cent). The accommodation, café and restaurant sector recorded the lowest level of expectations (net three per cent).

Next 12 months (November 2009 to October 2010)

Twelve-month sales expectations rose from a net 51 per cent to a net 57 per cent, an increase of six percentage points. The result comprised 65 per cent of SMEs believed sales would increase in the year ahead and eight per cent thought they would fall. Sales expectations for the year ahead were highest in Victoria at net 63 per cent.

Value of sales					
	Nov 08	Feb 09	May 09	Aug 09	Nov 09
Last Quarter					
Experienced increase	26%	23%	29%	34%	36%
No change	27%	32%	28%	32%	32%
Experienced decrease	47%	45%	43%	34%	32%
*Net Balance	-21%	-22%	-14%	0%	+4%
Current Quarter					
Expect increase	26%	24%	32%	47%	38%
No change	36%	33%	41%	41%	45%
Expect decrease	38%	43%	27%	11%	17%
*Net Balance	-12%	-19%	+5%	+36%	+21%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009



* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

Employment

Key findings

Employment performance increased strongly during the past quarter with just as many SMEs reporting they increased their employment levels as decreased them for the first time since February 2008. Despite the improvement recorded this quarter, SMEs were expecting further declines were expected for both the current quarter and for the year ahead.

Last quarter (August to October 2009)

The proportion of SMEs that increased employment during the past quarter rose, with 12 per cent of SMEs reporting an increase during the past quarter. This was exactly offset by the 12 per cent of SMEs that reported declines. The resulting zero per cent net balance was five percentage points higher than last quarter's result.

At a state level the best performing region was the Northern Territory at 10 per cent. At the other end of the scale, New South Wales recorded a net balance result of negative six per cent. The accommodation, café and restaurant sector recorded the strongest employment result at net positive six per cent; with the finance and insurance sector recorded the weakest result with a negative five per cent net balance.

A lack of work or sales remained the main barrier to taking on new employees, reported by 37 per cent of SMEs that believed barriers existed, down four percentage points in the past quarter. The main reasons for decreasing employment this quarter was again due to economic conditions, followed by staff resigning for personal reasons and for other jobs. Those SMEs that had increased employment were most likely to have done so because their business was experiencing growth and they had increased workloads.

Current quarter (November 2009 to January 2010)

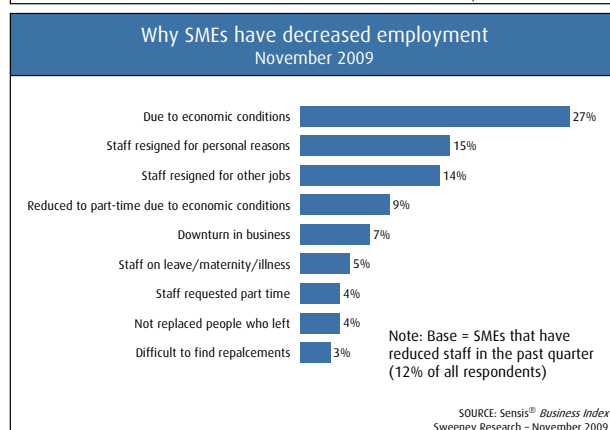
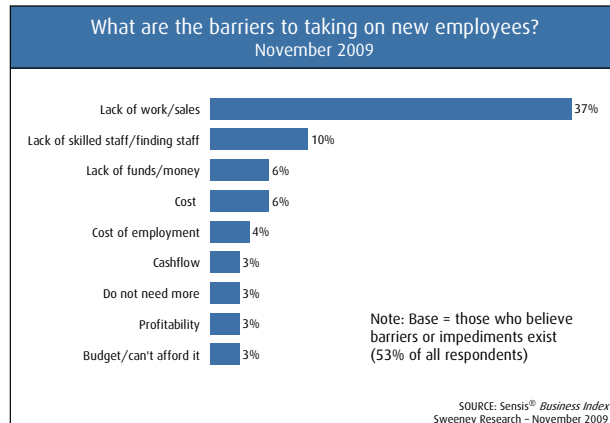
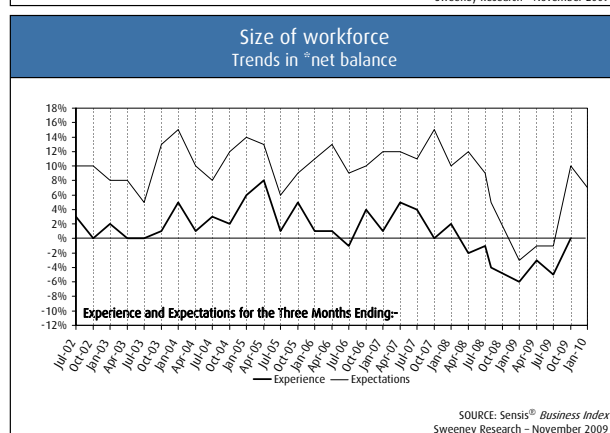
Employment expectations for the current quarter fell three percentage points to a net positive seven per cent. SMEs in South Australia recorded the strongest short-term employment expectations at a net balance of 17 per cent (each). At the other end of the scale was New South Wales with a net balance result of four per cent.

Next 12 months (November 2009 to October 2010)

Employment expectations for the year ahead fell two percentage points to a net balance result of 17 per cent. The strongest expectations for the year ahead were recorded by SMEs in the Australian Capital Territory (net 22 per cent), with the weakest in Tasmania (net 11 per cent).

Size of workforce					
	Nov 08	Feb 09	May 09	Aug 09	Nov 09
Last Quarter					
Experienced increase	12%	11%	11%	10%	12%
No change	72%	72%	75%	75%	76%
Experienced decrease	16%	17%	14%	15%	12%
*Net Balance	-4%	-6%	-3%	-5%	0%
Current Quarter					
Expect increase	8%	9%	10%	14%	12%
No change	80%	80%	82%	81%	83%
Expect decrease	11%	10%	9%	4%	5%
*Net Balance	-3%	-1%	+1%	+10%	+7%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009



* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

Wages bill

Key findings

There was an increase in the proportion of SMEs, on balance, reporting increased wages over the past quarter. Lower proportions of SMEs were expecting increases in their wages bills for the short however further increases were forecast for the year ahead.

Last quarter (August to October 2009)

The most recent quarter saw a rise of five percentage points in the proportion of SMEs reporting increased wage costs, with the performance result increasing to a net positive six per cent. This is the highest result since August 2008.

During the quarter, 20 per cent of SMEs experienced a rise in total wage costs, while 14 per cent recorded a decline. SMEs in South Australia recorded the highest net result in total wage costs (net 23 per cent), while the lowest wage pressures were in New South Wales (net negative three per cent). The strongest net result in total wage costs was recorded in the accommodation, café and restaurant sector (net 16 per cent).

Current quarter (November 2009 to January 2010)

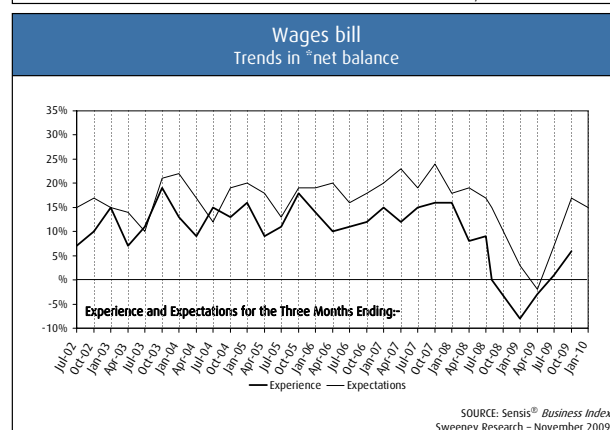
Fewer SMEs were expecting increases in wages in the short term, with net expectations for total wage costs down to a net 15 per cent for the current quarter from net 17 per cent last quarter. The highest wage expectations were in South Australia, with a net balance of 29 per cent of SMEs expecting an increase in their total wages bill in the coming quarter. SMEs in the Northern Territory were least likely to be expecting an increase in their wages bill in the current quarter (net five per cent).

Next 12 months (November 2009 to October 2010)

Expectations for total wage and salary costs for the coming year rose by two percentage points during the quarter, with a net balance of 36 per cent of businesses expecting a rise in total wage costs in the year ahead. The SMEs most likely to be expecting increases to their wages bills were in South Australia at a net 46 per cent. SMEs in Tasmania were least likely to expect an increase in their total wages bill in the coming year (net 29 per cent).

Wages bill					
	Nov 08	Feb 09	May 09	Aug 09	Nov 09
Last Quarter					
Experienced increase	19%	13%	17%	19%	20%
No change	57%	59%	63%	63%	66%
Experienced decrease	19%	21%	20%	18%	14%
*Net Balance	0%	-8%	-3%	+1%	+6%
Current Quarter					
Expect increase	17%	16%	19%	23%	24%
No change	65%	61%	69%	71%	67%
Expect decrease	14%	18%	12%	6%	9%
*Net Balance	+3%	-2%	+7%	+17%	+15%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009



* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

Prices

Key findings

Price increases by Australian SMEs were relatively subdued in the past quarter, and are likely to remain so over the year ahead. The net proportion of SMEs that increased their prices rose marginally during the past quarter. However fewer SMEs were expecting to increase their prices in both the short and medium terms.

Last quarter (August to October 2009)

The proportion of SMEs that increased prices rose by one percentage point during the quarter, at a net balance result of 11 per cent. This was exactly half the level recorded at the same time last year.

Of all states and territories, the strongest price trends were recorded by SMEs in Tasmania, with a net balance of 18 per cent. The lowest results were recorded by SMEs in Victoria and Queensland, with a net balance of nine per cent each. The strongest price rises were recorded in the health and community services sector, with a net balance result of 27 per cent. The weakest outcomes were recorded in the transport and storage sectors, with a net balance result of two per cent.

Current quarter (November 2009 to January 2010)

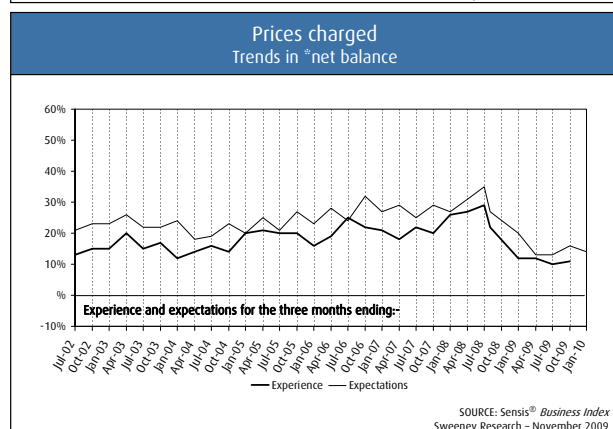
SME expectations for price rises in the short term fell two percentage points during the quarter to a net balance result of 14 per cent. SMEs in the Australian Capital Territory recorded the strongest price rise expectations, with a net balance result of 22 per cent, while New South Wales again recorded the weakest price rise expectations, with a net balance of nine per cent.

Next 12 months (November 2009 to October 2010)

At a net balance of 36 per cent, expectations for price rises in the coming year fell by two percentage points during the past quarter. Year-ahead expectations for price increases were strongest among SMEs in the Northern Territory, and the health and community services sector, with a net balance result of 42 per cent each.

Prices charged					
	Nov 08	Feb 09	May 09	Aug 09	Nov 09
Last Quarter					
Experienced increase	27%	22%	20%	18%	18%
No change	68%	66%	73%	74%	75%
Experienced decrease	5%	10%	8%	8%	7%
*Net Balance	+22%	+12%	+12%	+10%	+11%
Current Quarter					
Expect increase	25%	21%	18%	19%	18%
No change	69%	70%	78%	78%	78%
Expect decrease	5%	8%	5%	3%	4%
*Net Balance	+20%	+13%	+13%	+16%	+14%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009



* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

Capital expenditure

Key findings

The proportion of SMEs reporting growth in capital expenditure fell sharply from last quarter's level, with investment expectations amongst SMEs remaining weak for both the short and medium terms.

Last quarter (August to October 2009)

SME performance in capital expenditure recorded a result of net negative nine per cent. This result represented a fall of 12 percentage points following from the strong increase recorded last quarter in line with the end of financial year.

The strongest results were recorded in Queensland and South Australia, with a net balance result of negative one per cent each. Net negative results were recorded in all states and territories in the past quarter, with the lowest result recorded in New South Wales.

The accommodation, cafes and restaurants sector recorded the strongest capital expenditure performance (net positive 23 per cent). At the other end of the investment scale was the building and construction sector (negative 25 per cent).

Current quarter (November 2009 to January 2010)

Capital expenditure expectations were unchanged for the coming quarter, remaining at a net balance result of negative five per cent. The highest expectations were recorded by SMEs in Tasmania at a net five per cent. The weakest result was recorded by SMEs in the Australian Capital Territory with a net balance of negative 13 per cent.

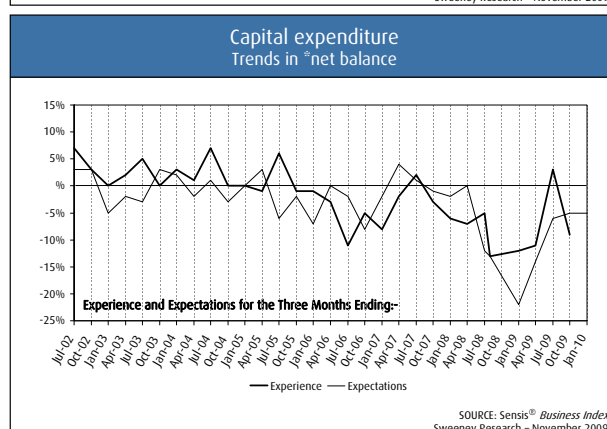
SMEs in the health and community services sector recorded the strongest expectations (three per cent), while the finance and insurance sector recorded the weakest result at a net negative 24 per cent.

Next 12 months (November 2009 to October 2010)

Capital expenditure expectations for the year ahead fell marginally during the quarter, with a net three per cent of SMEs expecting to increase their capital expenditure in the next 12 months, down from a net seven per cent last quarter. Capital expenditure expectations were highest for SMEs in the Northern Territory (net 20 per cent) and in the cultural, recreational and personal services sector (net 12 per cent).

Capital expenditure					
	Nov 08	Feb 09	May 09	Aug 09	Nov 09
Last Quarter					
Experienced increase	19%	16%	21%	29%	19%
No change	43%	52%	46%	46%	53%
Experienced decrease	32%	28%	32%	26%	28%
*Net Balance	-13%	-12%	-11%	+3%	-9%
Current Quarter					
Expect increase	15%	19%	24%	23%	21%
No change	44%	46%	46%	49%	53%
Expect decrease	37%	33%	30%	28%	26%
*Net Balance	-22%	-14%	-6%	-5%	-5%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009



* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

Profitability

Key findings

In line with improved sales performance, net profitability performance also improved further during the past quarter, but remained net negative overall, with more SMEs reporting lower profitability than increased profitability in the past quarter. SMEs were expecting some softening in profitability in the coming quarter, but overall were expecting their profitability to improve in the year ahead.

Last quarter (August to October 2009)

Profitability performance recorded a net balance result of negative three per cent for the past quarter. This result was up three percentage points from the previous quarter. Overall however, profitability remained net negative, with more SMEs having experienced a decrease in profitability than an increase in the past quarter. Despite remaining net negative overall, this is the highest result for net profitability since February 2008, when profitability was at net positive six per cent.

Across Australia the strongest profit experience was again reported by SMEs in the Northern Territory and the Australian Capital Territory with a net balance result of positive nine per cent each. The weakest performance was recorded in New South Wales at net negative 13 per cent. The strongest industry performance was recorded in the finance and insurance sector with a net balance result of positive 17 per cent, with the weakest profitability performance recorded in the retail trade sector (net negative 22 per cent).

Current quarter (November 2009 to January 2010)

Profitability expectations for the current quarter fell 10 percentage points to positive 18 per cent. At a state and territory level, the strongest expectations were recorded by SMEs in Tasmania at 43 per cent. The weakest state or territory was the Northern Territory with a net balance result of two per cent.

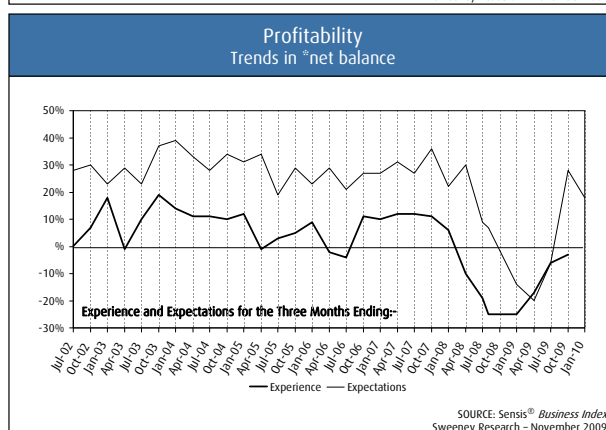
By industry, the retail trade sector recorded the strongest short-term profit expectations with a net balance result of 30 per cent. The accommodation, cafes and restaurant sector recorded the weakest expectations with a net balance result of one per cent.

Next 12 months (November 2009 to October 2010)

Profitability expectations for the year ahead rose during the quarter to a net balance result of 51 per cent, up five percentage points in the last quarter. The strongest profit expectations were recorded by SMEs in Victoria (net 59 per cent).

Profitability					
	Nov 08	Feb 09	May 09	Aug 09	Nov 09
Last Quarter					
Experienced increase	23%	21%	26%	28%	29%
No change	29%	33%	31%	38%	39%
Experienced decrease	48%	46%	43%	34%	32%
*Net Balance	-25%	-25%	-17%	-6%	-3%
Current Quarter					
Expect increase	25%	24%	24%	41%	37%
No change	36%	31%	45%	46%	44%
Expect decrease	39%	44%	30%	13%	19%
*Net Balance	-14%	-20%	-6%	+28%	+18%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009



* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

Exports

Key findings

While domestically in Australia business conditions continued to improve in the past quarter, the proportion of SMEs reporting exporting continued to decline, with this indicator at its lowest level since the Sensis® Business Index started collecting regular data on the export activities of SMEs in February 2004.

Last quarter (August to October 2009)

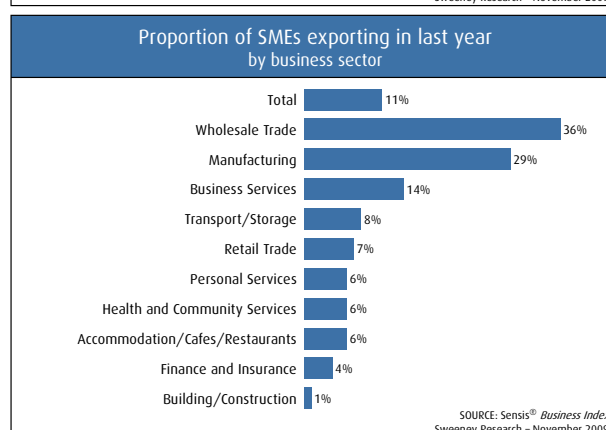
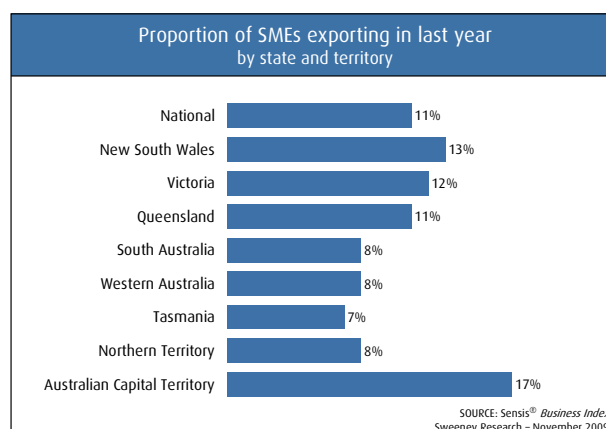
Eleven per cent of SMEs reported exporting in the past quarter, down a further one percentage point from the previous quarter and down three percentage points in the past six months. South Australia and the Australian Capital Territory were the only states or territories to report an increase in the proportion of exporting SMEs, with falls recorded in Victoria, Tasmania and the Northern Territory. There was no change in the proportion of SMEs exporting in New South Wales, Queensland and Western Australia. The Australian Capital Territory recorded the highest proportion of exporting SMEs in Australia in the past quarter.

SMEs in metropolitan areas were three times as likely to export as their regional counterparts (15 per cent compared to five per cent). SMEs in the wholesale trade sector were most likely to have exported in the past quarter.

Despite the fall in the proportion of SMEs exporting, this quarter saw a rise in the net proportion of exporting SMEs that reported growth in the value of their exports. A net balance of negative eight per cent reported an increase in the value of the goods and services exported in the past quarter, up one percentage point from last quarter's net balance of net negative nine per cent.

Looking forward, more SMEs were expecting the value of their exports to increase over the next few months than decrease, with very solid improvement in the proportions of small exporters that expect the value of their exports to increase over the year ahead. Despite the net positive outlook overall, in the short term, the proportion of SMEs expecting growth in the value of their exports for the coming quarter softened to net nine per cent. There was an increase of eight percentage points in the proportion of SMEs expecting to increase the value of their exports in the year ahead.

New Zealand remained the most popular destination for SME exports (37 per cent). Other strong results were seen for the United Kingdom at 33 per cent and the United States at 32 per cent, with 23 per cent of SME exporters reporting exports to China. Some 21 per cent of exporting SMEs reported exporting to ASEAN nations.



Value of exports - trends

	Nov 08	Feb 09	May 09	Aug 09	Nov 09
Last Quarter					
Experienced increase	21%	18%	20%	17%	24%
No change	43%	44%	45%	57%	44%
Experienced decrease	36%	38%	35%	26%	32%
*Net Balance	-15%	-20%	-15%	-9%	-8%
Current Quarter					
Expect increase	30%	14%	23%	26%	27%
No change	53%	58%	64%	60%	54%
Expect decrease	17%	28%	14%	14%	18%
*Net Balance	+13%	-14%	+9%	+12%	+9%
Next 12 months					
Expect increase	49%	25%	50%	37%	43%
No change	37%	53%	38%	53%	49%
Expect decrease	15%	21%	12%	10%	8%
*Net Balance	+34%	+4%	+38%	+27%	+35%

Base : Exported goods or services overseas in last three months

SOURCE: Sensis® Business Index Sweeney Research – November 2009

* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

Assessment of Federal Government policies

Key findings

Support among SMEs for the Federal Government softened during the past quarter, dropping by seven percentage points.

Last quarter (August to October 2009)

The net balance result of a negative one per cent approval rating represented a fall of seven percentage points in the past quarter. The result comprised 23 per cent (down five percentage points) of SMEs supportive of the Federal Government's small business policies, and 24 per cent (up two percentage points) felt their policies worked against small business.

The Australian Capital Territory recorded the strongest levels of support among SMEs for the Federal Government's policies, at net positive 15 per cent. SMEs in South Australia were most critical of the Federal Government's small business policies, where the net balance of SMEs felt the Federal Government's policies supported small business was net negative 10 per cent. SMEs in Western Australia recorded the largest increase in support in the past quarter, up 16 percentage points, with the largest fall in support recorded by SMEs in Victoria.

SMEs in regional areas were marginally more supportive of the Federal Government than their metropolitan counterparts. Small businesses were also more supportive than their medium business counterparts.

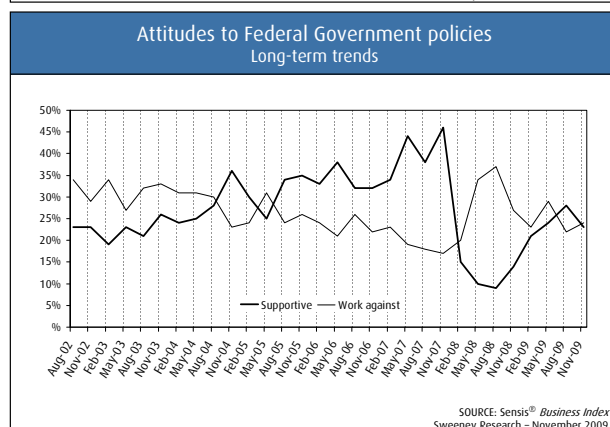
The Federal Government's economic stimulus package continued to provide the main reasons that SMEs gave for supporting the Federal Government. This quarter SMEs were most likely to report their support stemming from the cash payments which they felt had encouraged spending, as well as offering incentives and the positive impact reported flowing from the stimulus package in general.

The key reasons SMEs gave for feeling the Federal Government's policies worked against them included a view no incentives were offered to small business, taxation was too high, government policies were more supportive of larger businesses rather than small businesses and a view that there was too much bureaucracy.

Attitudes to Federal Government policies past five quarters					
	Nov 08	Feb 09	May 09	Aug 09	Nov 09
Supportive	14%	21%	24%	28%	23%
Work against	27%	23%	29%	22%	24%
No impact	59%	56%	47%	49%	53%
*Net Balance	-13%	-2%	-5%	+6%	-1%

Q. Thinking about the current Federal Government, do you believe that their policies are supportive of small business, work against small business or have no real impact either way?

SOURCE: Sensis® Business Index
Sweeney Research – November 2009



* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

Assessment of state and territory government policies

Key findings

The governments in the Northern Territory and Western Australia were the most popular governments in Australia among all SMEs in the past quarter. The New South Wales Government was the least popular state or territory government among SMEs, with their support levels unchanged in the past quarter.

Last quarter (August to October 2009)

The Northern Territory Government and the Western Australian Government recorded the equal highest approval rating from SMEs at net negative one per cent each.

Despite recording the equal highest result this quarter, for the Western Australian Government this actually represented a fall in support of eight percentage points, and is the second successive decline in support levels. Small businesses cited a belief the Western Australian Government was more supportive of small business, their small business management training and a perspective they were trying to help small business as reasons for their support. The drop in support in Western Australia in the past quarter was related concern amongst SMEs in the state about increases in utility charges and the level of bureaucracy.

Equally as high, the support levels for the Northern Territory Government were unchanged in the past quarter. Small businesses cited a view that the government was more interested in small business, and that they offered incentives for small business as reasons for their support.

The largest increase in support was for the Queensland Government, up eight percentage points in the past quarter. The largest fall in support levels was recorded for the Tasmanian Government, down 11 percentage points in the past quarter.

The lowest level of support this quarter was for the New South Wales Government, with support unchanged in the past quarter. The New South Wales Government has recorded the lowest levels of support for 22 of the past 23 quarters, with support levels for the Queensland Government dropping lower in last quarter's report. A view amongst SMEs that the New South Wales Government did not offer incentives for small businesses was the key reason for SMEs feeling the government policies were not supportive of their business, closely followed by issues with transportation, stamp duty and a perception the government was not doing anything.

Attitudes to state or territory government policies November 2009								
	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Supportive	7%	8%	9%	10%	18%	16%	19%	14%
Work against	33%	19%	31%	29%	19%	32%	20%	16%
No impact	61%	72%	59%	61%	63%	52%	62%	70%
*Net Balance	-26%	-11%	-22%	-19%	-1%	-16%	-1%	-2%

Q. Thinking about the current State/Territory Government, do you believe that their policies are supportive of small business, work against small business or have no real impact either way?

SOURCE: Sensis® Business Index
Sweeney Research – November 2009

Attitudes to state or territory government policies Trends in *net balance					
	Nov 08	Feb 09	May 09	Aug 09	Nov 09
New South Wales	-54%	-40%	-39%	-26%	-26%
Victoria	-13%	-10%	-11%	-2%	-11%
Queensland	-19%	-15%	-17%	-30%	-22%
South Australia	-20%	-23%	-15%	-16%	-19%
Western Australia	+8%	+3%	+12%	+7%	-1%
Tasmania	0%	-13%	-13%	-5%	-16%
Northern Territory	+7%	+15%	+5%	-1%	-1%
Australian Capital Territory	-13%	-11%	-13%	-9%	-2%

SOURCE: Sensis® Business Index
Sweeney Research – November 2009

* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

Sustainability

SME views on economic, social and environmental sustainability

This quarter the Sensis® Business Index asked Australia’s small and medium businesses about their views on some key sustainability issues, with sustainability defined as including environmental stewardship, social advancement and economic prosperity to support the needs of both the current and future generations.

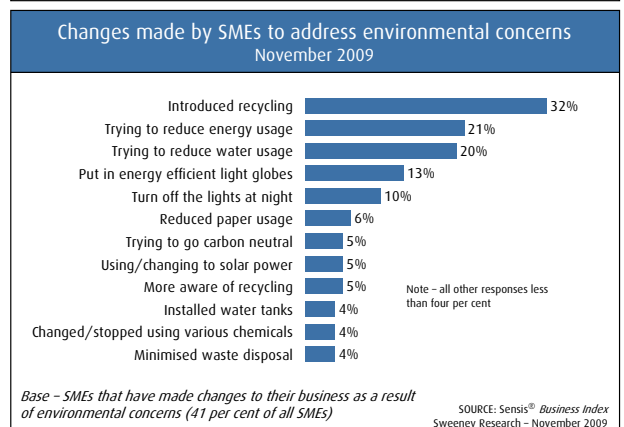
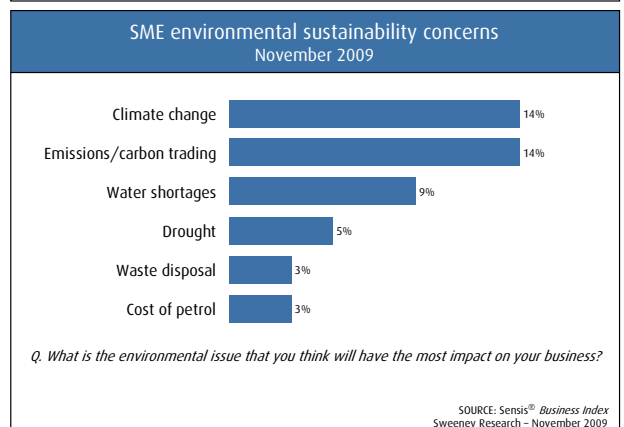
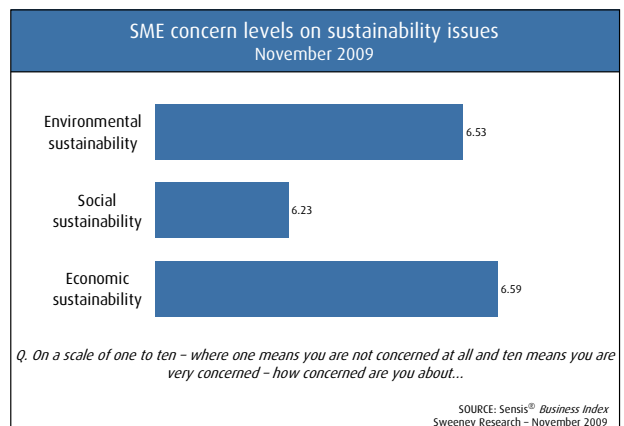
It is interesting to note Australian SMEs viewed all three aspects of sustainability as almost equally important. Looking at the mean scores for each aspect on a scale of one to 10, economic sustainability was rated the highest at 6.59, however this was only marginally higher than environmental sustainability at 6.53 and social responsibility at 6.23. On a state and territory basis, SMEs in Victoria recorded the highest average rating for environmental sustainability (6.96) and social sustainability (6.61), with SMEs in New South Wales recording the highest average rating for economic sustainability (6.73).

Looking at environmental sustainability, climate change and emissions trading were considered the issues that were most likely to impact on businesses, overwhelmingly due to the increased cost base that SMEs felt these issues would have on their business, as well as seeing the issue as threatening their business and jobs.

Overall, some 41 per cent of SMEs reported having made changes to their business as a result of environmental concerns, with the introduction of recycling and measures to reduce energy and water usage the most frequent changes reported. Some 19 per cent of SMEs reported producing products or services that are aimed at assisting environmental problems, with 14 per cent considering doing this in the future.

With emissions trading seen as a key environmental sustainability issue for SMEs, some 89 per cent of SMEs reported they were aware of the proposed National Emission Trading Scheme (NETS). While awareness levels were high, most SMEs felt unsure about their level of understanding the proposed NETS might have on their businesses. Only six per cent of SMEs were aware of NETS felt they thoroughly understood the proposed impact, with 61 per cent feeling they had a partial level of understanding of it but one in three feeling they had no understanding of the proposed scheme at all.

Of those SMEs aware of NETS, some 41 per cent felt it would have a negative impact on their business, compared to only six per cent felt it would have a positive impact. When looking at the impact of NETS for the Australian community overall, some 41 per cent of SMEs felt the overall impact would be negative, with 26 per cent feeling there would be a positive impact.



Small and medium business outlook – national

- Business confidence increased for the third successive quarter to its highest level since August 2007, however it starting to show signs of moderation.
- Perceptions of the current state of the economy also improved for the third successive quarter, however future expectations have started to soften.
- Performance in all key indicators increased in the past quarter, with the exception of capital expenditure, which decreased in the past quarter.
- All expectations fell for the short term except capital expenditure, where the expectation was unchanged.
- For the year ahead expectations rose for sales, wages and profitability and fell for employment, prices and capital expenditure.
- Support for the Federal Government's policies fell to a net negative one per cent. SMEs remained strongly supportive of the economic stimulus package however those that believed the Federal Government's policies worked against small business cited a lack of incentives for small business as the key reason behind their views.

Trends in past three months' experience and current quarter expectations – national					
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	NOV 2008	FEB 2009	MAY 2009	AUG 2009	NOV 2009
	%	%	%	%	%
POSITIVE	47	45	54	65	67
NEGATIVE	34	33	24	15	15
*NET BALANCE	+13	+12	+30	+50	+52

TOTAL SMALL AND MEDIUM BUSINESS – NATIONAL	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 09/10
	%	%	%	%	%	%	%	%	%	%
SALES VALUE: INCREASE	26	23	29	34	36	26	24	32	47	38
DECREASE	47	45	43	34	32	38	43	27	11	17
NET BALANCE	-21	-22	-14	0	+4	-12	-19	+5	+36	+21
SIZE OF WORKFORCE: INCREASE	12	11	11	10	12	8	9	10	14	12
DECREASE	16	17	14	15	12	11	10	9	4	5
NET BALANCE	-4	-6	-3	-5	+0	-3	-1	+1	+10	+7
WAGES BILL: INCREASE	19	13	17	19	20	17	16	19	23	24
DECREASE	19	21	20	18	14	14	18	12	6	9
NET BALANCE	0	-8	-3	+1	+6	+3	-2	+7	+17	+15
PRICES: INCREASE	27	22	20	18	18	25	21	18	19	18
DECREASE	5	10	8	8	7	5	8	5	3	4
NET BALANCE	+22	+12	+12	+10	+11	+20	+13	+13	+16	+14
PROFITABILITY: INCREASE	23	21	26	28	29	25	24	31	41	37
DECREASE	48	46	43	34	32	39	44	27	13	19
NET BALANCE	-25	-25	-17	-6	-3	-14	-20	+4	+28	+18
CAPITAL EXPENDITURE: INCREASE	19	16	21	29	19	15	19	24	23	21
DECREASE	32	28	32	26	28	37	33	30	28	26
NET BALANCE	-13	-12	-11	+3	-9	-22	-14	-6	-5	-5

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small and medium business outlook – New South Wales

- Confidence rose in New South Wales. Recording a marginally above average improvement this quarter, business confidence in New South Wales is now only three percentage points below the national average.
- SMEs in New South Wales recorded the lowest perceptions of the current state of the Australian economy of any state or territory.
- New South Wales SMEs saw lower performance in all indicators with the exception of employment in the past quarter.
- For the last quarter, New South Wales recorded the lowest proportion of SMEs in any state or territory that reported increases in sales, employment, wages, profitability and capital expenditure.
- For the coming quarter, SMEs in New South Wales recorded the lowest level of expectations of any state or territory for employment and prices.
- Support for the policies of the New South Wales Government among NSW SMEs recorded the lowest result of any state or territory, with the overall level of support unchanged in the past quarter.

Trends in past three months' experience and current quarter expectations – New South Wales					
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	NOV 2008	FEB 2009	MAY 2009	AUG 2009	NOV 2009
	%	%	%	%	%
POSITIVE	45	38	48	62	63
NEGATIVE	40	41	28	16	14
*NET BALANCE	+5	-3	+20	+46	+49

TOTAL SMALL AND MEDIUM BUSINESS – NEW SOUTH WALES	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 09/10
	%	%	%	%	%	%	%	%	%	%
SALES VALUE: INCREASE	22	21	34	34	34	25	22	32	48	31
SALES VALUE: DECREASE	55	51	41	33	35	44	50	29	12	19
SALES VALUE: NET BALANCE	-33	-30	-7	+1	-1	-19	-28	+3	+36	+12
SIZE OF WORKFORCE: INCREASE	13	10	12	7	8	9	6	13	16	8
SIZE OF WORKFORCE: DECREASE	17	17	14	17	14	15	10	9	3	4
SIZE OF WORKFORCE: NET BALANCE	-4	-7	-2	-10	-6	-6	-4	+4	+13	+4
WAGES BILL: INCREASE	18	9	19	19	11	17	14	21	21	16
WAGES BILL: DECREASE	21	24	20	19	14	13	19	12	4	6
WAGES BILL: NET BALANCE	-3	-15	-1	0	-3	+4	-5	+9	+17	+10
PRICES: INCREASE	27	17	20	20	16	21	20	15	17	14
PRICES: DECREASE	5	16	8	5	5	3	6	3	3	5
PRICES: NET BALANCE	+22	+1	+12	+15	+11	+18	+14	+12	+14	+9
PROFITABILITY: INCREASE	23	20	28	25	23	24	24	31	40	33
PROFITABILITY: DECREASE	57	51	40	33	36	46	51	28	14	21
PROFITABILITY: NET BALANCE	-34	-31	-12	-8	-13	-22	-27	+3	+26	+12
CAPITAL EXPENDITURE: INCREASE	14	15	21	26	14	13	19	23	30	18
CAPITAL EXPENDITURE: DECREASE	38	27	37	28	31	40	34	35	25	29
CAPITAL EXPENDITURE: NET BALANCE	-24	-12	-16	-2	-17	-27	-15	-12	+5	-11

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small and medium business outlook – Victoria

- Victoria recorded an increase in business confidence among SMEs in the past quarter, which is now three percentage points above average.
- Performance indicators rose for all performance indicators with the exception of capital expenditure for Victorian SMEs in the past quarter.
- Victorian SMEs are expecting further falls for all indicators in the coming quarter, with the exception of capital expenditure.
- Victorian SMEs recorded the highest expectations for the year ahead for sales and profitability of any state or territory.
- SME support for the Victorian Government fell during the past quarter.

Trends in past three months' experience and current quarter expectations – Victoria					
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	NOV 2008	FEB 2009	MAY 2009	AUG 2009	NOV 2009
	%	%	%	%	%
POSITIVE	47	45	57	66	71
NEGATIVE	36	34	22	14	16
*NET BALANCE	+11	+11	+35	+52	+55

TOTAL SMALL AND MEDIUM BUSINESS – VICTORIA	ACTUAL EXPERIENCE DURING--					EXPECTATIONS FOR--					
	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 09/10	
	%	%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	29	21	25	37	36	27	19	32	48	41
	DECREASE	45	45	42	32	29	35	42	28	11	14
	NET BALANCE	-16	-24	-17	+5	+7	-8	-23	+4	+37	+27
SIZE OF WORKFORCE:	INCREASE	8	8	13	11	14	7	9	8	14	12
	DECREASE	15	15	16	13	8	10	10	11	3	4
	NET BALANCE	-7	-7	-3	-2	+6	-3	-1	-3	+11	+8
WAGES BILL:	INCREASE	15	13	17	22	22	16	13	17	25	29
	DECREASE	25	23	22	21	15	15	21	13	6	12
	NET BALANCE	-10	-10	-5	+1	+7	+1	-8	+4	+19	+17
PRICES:	INCREASE	26	27	21	14	14	21	19	17	16	14
	DECREASE	5	9	8	7	5	7	12	7	3	2
	NET BALANCE	+21	+18	+13	+7	+9	+14	+7	+10	+13	+12
PROFITABILITY:	INCREASE	24	18	25	35	31	22	19	33	46	37
	DECREASE	47	48	41	33	28	38	47	27	12	18
	NET BALANCE	-23	-30	-16	+2	+3	-16	-28	+6	+34	+19
CAPITAL EXPENDITURE:	INCREASE	26	15	21	34	20	15	21	28	19	21
	DECREASE	32	31	33	24	30	39	32	27	31	25
	NET BALANCE	-6	-16	-12	+10	-10	-24	-11	+1	-12	-4

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small and medium business outlook – Queensland

- Queensland recorded improving business confidence among SMEs this quarter, with confidence equal to the national average.
- SMEs in Queensland reported rises in all performance indicators over the past quarter with the exception of capital expenditure.
- SMEs in Queensland reported the equal highest performance in capital expenditure in the past quarter.
- SMEs in Queensland reported lower expectations for all indicators for the coming quarter compared to the previous quarter.
- SMEs in Queensland reported the equal lowest expectations for price increases in the year ahead of any state or territory.
- SME support for the Queensland Government recorded the strongest increase of any state or territory during the past quarter.

Trends in past three months' experience and current quarter expectations – Queensland					
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	NOV 2008	FEB 2009	MAY 2009	AUG 2009	NOV 2009
	%	%	%	%	%
POSITIVE	52	55	56	64	69
NEGATIVE	27	27	24	14	17
*NET BALANCE	+25	+28	+32	+50	+52

TOTAL SMALL AND MEDIUM BUSINESS – QUEENSLAND	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-					
	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 09/10	
	%	%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	24	21	26	30	35	30	29	30	49	38
	DECREASE	43	41	46	37	34	34	37	23	11	19
	NET BALANCE	-19	-20	-20	-7	+1	-4	-8	+7	+38	+19
SIZE OF WORKFORCE:	INCREASE	14	16	10	12	14	9	11	9	15	15
	DECREASE	21	20	15	16	13	10	10	6	4	7
	NET BALANCE	-7	-4	-5	-4	+1	-1	+1	+3	+11	+8
WAGES BILL:	INCREASE	24	19	16	19	22	17	23	19	27	22
	DECREASE	14	20	19	17	14	14	11	10	6	11
	NET BALANCE	+10	-1	-3	+2	+8	+3	+12	+9	+21	+11
PRICES:	INCREASE	29	23	19	21	20	27	22	19	25	26
	DECREASE	6	6	11	13	11	7	7	7	2	5
	NET BALANCE	+23	+17	+8	+8	+9	+20	+15	+12	+23	+21
PROFITABILITY:	INCREASE	21	18	21	22	31	29	27	28	38	34
	DECREASE	43	42	48	38	35	33	37	26	13	20
	NET BALANCE	-22	-24	-27	-16	-4	-4	-10	+2	+25	+14
CAPITAL EXPENDITURE:	INCREASE	22	19	19	25	24	18	17	22	24	22
	DECREASE	26	25	32	25	25	32	36	29	26	25
	NET BALANCE	-4	-6	-13	0	-1	-14	-19	-7	-2	-3

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small and medium business outlook – South Australia

- South Australia recorded business confidence unchanged among SMEs this quarter, with confidence equal to the national average.
- SMEs in South Australia again recorded the most pessimistic expectations for the future direction of the Australian economy of any state or territory.
- SMEs in South Australia recorded higher performance for all indicators in the past quarter, with the exception of capital expenditure.
- South Australia recorded the highest proportion of SMEs that increased their sales and wages on balance in the past quarter and equal highest for capital expenditure, along with Queensland.
- SMEs in South Australia recorded the highest employment and wages expectations for the coming quarter of any state or territory.
- SMEs in South Australia recorded the highest expectations for the year ahead for wage increases of any state or territory.
- SME support for the South Australian Government fell marginally during the quarter.

Trends in past three months' experience and current quarter expectations – South Australia

CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	NOV 2008 %	FEB 2009 %	MAY 2009 %	AUG 2009 %	NOV 2009 %
POSITIVE	45	48	52	67	66
NEGATIVE	33	32	19	15	14
*NET BALANCE	+12	+16	+33	+52	+52

TOTAL SMALL AND MEDIUM BUSINESS – SOUTH AUSTRALIA	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
	AUG-OCT 08 %	NOV-JAN 08/09 %	FEB-APR 09 %	MAY-JUL 09 %	AUG-OCT 09 %	NOV-JAN 08/09 %	FEB-APR 09 %	MAY-JUL 09 %	AUG-OCT 09 %	NOV-JAN 09/10 %
SALES VALUE: INCREASE	32	24	37	27	40	22	26	27	43	41
SALES VALUE: DECREASE	38	43	38	40	28	38	39	27	13	15
SALES VALUE: NET BALANCE	-6	-19	-1	-13	+12	-16	-13	+0	+30	+26
SIZE OF WORKFORCE: INCREASE	11	11	12	15	10	10	11	8	10	18
SIZE OF WORKFORCE: DECREASE	8	20	13	14	8	2	11	9	2	1
SIZE OF WORKFORCE: NET BALANCE	+3	-9	-1	+1	+2	+8	0	-1	+8	+17
WAGES BILL: INCREASE	22	16	18	18	31	17	16	20	24	35
WAGES BILL: DECREASE	13	18	20	15	8	13	20	14	8	6
WAGES BILL: NET BALANCE	+9	-2	-2	+3	+23	+4	-4	+6	+16	+29
PRICES: INCREASE	21	21	19	18	29	30	21	20	26	24
PRICES: DECREASE	3	6	6	8	14	4	5	5	2	6
PRICES: NET BALANCE	+18	+15	+13	+10	+15	+26	+16	+15	+24	+18
PROFITABILITY: INCREASE	28	26	35	24	37	23	27	31	43	39
PROFITABILITY: DECREASE	37	40	37	40	29	37	38	28	14	18
PROFITABILITY: NET BALANCE	-9	-14	-2	-16	+8	-14	-11	+3	+29	+21
CAPITAL EXPENDITURE: INCREASE	15	13	28	35	21	19	25	33	14	22
CAPITAL EXPENDITURE: DECREASE	30	33	24	28	22	37	21	24	36	25
CAPITAL EXPENDITURE: NET BALANCE	-15	-20	+4	+7	-1	-18	+4	+9	-22	-3

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small and medium business outlook – Western Australia

- Western Australia recorded an increase in business confidence which was above the national average among SMEs this quarter.
- SMEs in Western Australia recorded increased performance for all indicators in the past quarter with the exception of sales which was unchanged and capital expenditure which fell.
- Western Australian SMEs reported increases in all indicators for the coming quarter compared to last quarter, with the exception of employment and prices which both fell.
- SMEs in Western Australia recorded the lowest expectations for the year ahead for capital expenditure of any state or territory.
- Support for the Western Australian Government by SMEs was the equal highest along with the Northern Territory government.

Trends in past three months' experience and current quarter expectations – Western Australia

CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	NOV 2008	FEB 2009	MAY 2009	AUG 2009	NOV 2009
	%	%	%	%	%
POSITIVE	45	55	54	62	68
NEGATIVE	31	21	19	10	12
*NET BALANCE	+14	+34	+35	+52	+56

TOTAL SMALL AND MEDIUM BUSINESS – WESTERN AUSTRALIA	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 09/10
	%	%	%	%	%	%	%	%	%	%
SALES VALUE: INCREASE	34	29	26	38	39	27	26	37	40	50
SALES VALUE: DECREASE	36	38	51	30	31	33	35	27	9	16
SALES VALUE: NET BALANCE	-2	-9	-25	+8	+8	-6	-9	+10	+31	+34
SIZE OF WORKFORCE: INCREASE	11	8	6	10	21	6	11	8	14	14
SIZE OF WORKFORCE: DECREASE	14	16	12	16	15	10	10	8	6	8
SIZE OF WORKFORCE: NET BALANCE	-3	-8	-6	-6	+6	-4	+1	0	+8	+6
WAGES BILL: INCREASE	23	13	11	13	29	20	15	15	24	35
WAGES BILL: DECREASE	14	14	20	13	15	19	16	11	6	8
WAGES BILL: NET BALANCE	+9	-1	-9	0	+14	+1	-1	+4	+18	+27
PRICES: INCREASE	27	28	20	21	22	39	31	26	21	22
PRICES: DECREASE	4	8	8	9	5	4	12	4	3	6
PRICES: NET BALANCE	+23	+20	+12	+12	+17	+35	+19	+22	+18	+16
PROFITABILITY: INCREASE	26	30	24	30	33	25	27	37	36	47
PROFITABILITY: DECREASE	39	35	52	33	28	33	38	28	11	12
PROFITABILITY: NET BALANCE	-13	-5	-28	-3	+5	-8	-11	+9	+25	+35
CAPITAL EXPENDITURE: INCREASE	20	17	24	26	21	16	17	18	18	23
CAPITAL EXPENDITURE: DECREASE	27	26	23	22	28	34	36	26	28	26
CAPITAL EXPENDITURE: NET BALANCE	-7	-9	+1	+4	-7	-18	-19	-8	-10	-3

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small and medium business outlook – Tasmania

- Tasmania recorded the second strongest level of business confidence among SMEs with confidence up six percentage points in the state.
- Despite the improvement in business confidence, SMEs in Tasmania recorded stronger performance in the past quarter for all indicators, with the only exceptions being employment and capital expenditure.
- Tasmanian SMEs recorded the highest performance for the past quarter for prices of any state or territory.
- Tasmanian SMEs recorded the highest expectations for the coming quarter for sales, profitability and capital expenditure of any state or territory.
- Tasmanian SMEs recorded the lowest expectations for the year ahead for sales, employment, wages and profitability of any state or territory.
- Support for the Tasmanian Government's policies recorded the largest fall of any state or territory during the past quarter.

Trends in past three months' experience and current quarter expectations – Tasmania									
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS					NOV 2008	FEB 2009	MAY 2009	AUG 2009	NOV 2009
					%	%	%	%	%
POSITIVE					58	44	53	69	76
NEGATIVE					21	24	21	9	10
*NET BALANCE					+37	+20	+32	+60	+66

TOTAL SMALL AND MEDIUM BUSINESS – TASMANIA		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		AUG- OCT 08 %	NOV- JAN 08/09 %	FEB- APR 09 %	MAY- JUL 09 %	AUG- OCT 09 %	NOV- JAN 08/09 %	FEB- APR 09 %	MAY- JUL 09 %	AUG- OCT 09 %	NOV- JAN 09/10 %
SALES VALUE:	INCREASE	29	35	32	27	31	36	25	20	54	50
	DECREASE	42	28	35	39	26	22	38	26	11	7
	NET BALANCE	-13	+7	-3	-12	+5	+14	-13	-6	+43	+43
SIZE OF WORKFORCE:	INCREASE	12	21	8	11	7	8	9	3	11	12
	DECREASE	10	9	14	10	11	7	10	9	2	4
	NET BALANCE	+2	+12	-6	+1	-4	+1	-1	-6	+9	+8
WAGES BILL:	INCREASE	25	24	13	21	23	25	19	16	24	27
	DECREASE	16	15	15	17	8	11	17	19	6	5
	NET BALANCE	+9	+9	-2	+4	+15	+14	+2	-3	+18	+22
PRICES:	INCREASE	26	33	17	14	21	31	24	15	20	22
	DECREASE	8	6	6	3	3	3	2	3	2	3
	NET BALANCE	+18	+27	+11	+11	+18	+28	+22	+12	+18	+19
PROFITABILITY:	INCREASE	24	29	24	25	27	34	27	16	47	49
	DECREASE	40	30	35	34	29	26	39	25	11	6
	NET BALANCE	-16	-1	-11	-9	-2	+8	-12	-9	+36	+43
CAPITAL EXPENDITURE:	INCREASE	14	19	21	32	15	22	13	23	23	26
	DECREASE	32	23	31	28	27	23	40	36	32	21
	NET BALANCE	-18	-4	-10	+4	-12	-1	-27	-13	-9	+5

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small and medium business outlook – Northern Territory

- The Northern Territory recorded the highest level of confidence among SMEs, and also recorded the largest increase in business confidence for the quarter.
- Performance rose for employment, wages and profitability in the past quarter, with SMEs in the Northern Territory recording the highest performance in the past quarter of any state or territory for employment, and equal highest for profitability.
- The Northern Territory recorded the lowest expectations among SMEs of any state or territory for the coming quarter for sales, wages and profitability.
- Looking ahead, the Northern Territory recorded the highest expectations for the year ahead for prices and capital expenditure of any state or territory.
- Support for the Northern Territory Government was unchanged during the past quarter, and was the equal highest of any state or territory, along with Western Australia.

Trends in past three months' experience and current quarter expectations – Northern Territory					
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	NOV 2008	FEB 2009	MAY 2009	AUG 2009	NOV 2009
	%	%	%	%	%
POSITIVE	49	60	65	72	79
NEGATIVE	25	17	17	12	10
*NET BALANCE	+24	+43	+48	+60	+69

TOTAL SMALL AND MEDIUM BUSINESS – NORTHERN TERRITORY	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 09/10
	%	%	%	%	%	%	%	%	%	%
SALES VALUE:										
INCREASE	31	30	33	44	31	24	28	38	32	28
DECREASE	29	33	29	27	21	30	29	13	21	25
NET BALANCE	+2	-3	+4	+17	+10	-6	-1	+25	+11	+3
SIZE OF WORKFORCE:										
INCREASE	18	9	14	14	23	10	16	9	9	19
DECREASE	20	22	12	10	13	7	15	5	3	4
NET BALANCE	-2	-13	+2	+4	+10	+3	+1	+4	+6	+15
WAGES BILL:										
INCREASE	24	19	20	22	30	18	19	22	10	18
DECREASE	14	23	13	7	8	12	19	9	8	13
NET BALANCE	+10	-4	+7	+15	+22	+6	0	+13	+2	+5
PRICES:										
INCREASE	36	27	25	22	18	33	27	21	22	17
DECREASE	4	3	4	3	5	3	4	1	3	2
NET BALANCE	+32	+24	+21	+19	+13	+30	+23	+20	+19	+15
PROFITABILITY:										
INCREASE	30	27	28	37	28	24	27	35	31	24
DECREASE	25	29	32	29	19	24	34	18	19	22
NET BALANCE	+5	-2	-4	+8	+9	0	-7	+17	+12	+2
CAPITAL EXPENDITURE:										
INCREASE	16	14	28	27	26	6	22	25	20	27
DECREASE	28	28	27	21	30	41	34	29	28	28
NET BALANCE	-12	-14	+1	+6	-4	-35	-12	-4	-8	-1

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small and medium business outlook – Australian Capital Territory

- The Australian Capital Territory recorded the lowest level of business confidence among SMEs during the quarter, also recording the largest decline of any state or territory.
- Despite the comparatively weak confidence result, SMEs in the Australian Capital Territory recorded the strongest net perceptions of the current state of the Australian economy, as well as the strongest views of the future direction of the Australian economy.
- SMEs in the Australian Capital Territory recorded increases in performance in the past quarter for all indicators with the exception of capital expenditure which fell.
- Looking ahead, the Australian Capital Territory recorded the highest expectations for the year ahead for employment of any state or territory.
- Support for the Australian Capital Territory Government rose marginally during the quarter.

Trends in past three months' experience and current quarter expectations – Australian Capital Territory											
						NOV 2008	FEB 2009	MAY 2009	AUG 2009	NOV 2009	
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS						%	%	%	%	%	
POSITIVE						44	39	50	66	65	
NEGATIVE						28	32	23	12	17	
*NET BALANCE						+16	+7	+27	+54	+48	
TOTAL SMALL AND MEDIUM BUSINESS – AUSTRALIAN CAPITAL TERRITORY	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-					
	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	AUG-OCT 09	NOV-JAN 09/10	
	%	%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	21	27	27	32	36	30	22	35	49	45
	DECREASE	49	46	48	31	29	32	30	32	10	22
	NET BALANCE	-28	-19	-21	+1	+7	-2	-8	+3	+39	+23
SIZE OF WORKFORCE:	INCREASE	14	8	10	13	14	8	8	5	15	15
	DECREASE	17	19	19	13	8	10	8	9	1	5
	NET BALANCE	-3	-11	-9	0	+6	-2	0	-4	+14	+10
WAGES BILL:	INCREASE	22	22	14	16	19	19	13	11	23	26
	DECREASE	11	17	20	16	18	13	17	15	8	9
	NET BALANCE	+11	+5	-6	0	+1	+6	-4	-4	+15	+17
PRICES:	INCREASE	19	16	13	16	16	28	19	16	21	25
	DECREASE	6	11	7	11	6	7	6	2	5	3
	NET BALANCE	+13	+5	+6	+5	+10	+21	+13	+14	+16	+22
PROFITABILITY:	INCREASE	16	20	20	26	30	26	22	32	42	40
	DECREASE	46	45	45	34	21	34	33	30	14	15
	NET BALANCE	-30	-25	-25	-8	+9	-8	-11	+2	+28	+25
CAPITAL EXPENDITURE:	INCREASE	18	16	18	25	19	17	15	23	20	17
	DECREASE	28	33	32	22	26	33	38	27	27	30
	NET BALANCE	-10	-17	-14	+3	-7	-16	-23	-4	-7	-13

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

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For further information please contact: Christena Singh
Author, Sensis® *Business Index*
Sensis Pty Ltd
Ph: (03) 8653 4896
businessindex@sensis.com.au

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