

Introduction

The Yellow Pages® *Small Business Index* is an ongoing series of surveys designed to track confidence and behaviour in the small business sector.

The primary objectives of the *Index* are to track small business activity over the past three months; expectations over both the current three and 12 month periods; and to measure overall confidence within the small business community. A second purpose is to provide an independent, objective assessment of proprietors' experiences and attitudes on key issues.

The *Index* is an initiative of Pacific Access as part of its commitment to this vital business sector and is conducted by the research firm Sweeney Research. Economic advice is provided by economic consultants, Marsden Jacob Associates. Dr. John Marsden is the former chief economist of Capel Court, National Mutual Royal Bank and the Australian Bankers Association.

About the Survey

The *Index* is the most comprehensive regular survey of small business in Australia and focuses specifically on businesses employing 19 people or fewer.

The *Index* uses a panel of at least 1,200 small business proprietors who are interviewed by telephone every three months.

The panel was drawn from all metropolitan and non-metropolitan regions of Australia. Quotas are set on geographical location and type of business to produce the standard sample structure shown opposite. Where replacement panellists are recruited, this sample structure is maintained.

Because this is a quota sample, at the analysis stage, results are weighted by selected ANZSIC divisions within the metro and non-metro region of each state or territory to reflect the actual small business population distribution. The ABS Business Register as at June 1998 is used to weight the sample to be representative of the total business population.

Interviewing for this latest (May 2000) survey was conducted over the period 27 April to 11 May 2000. The report covers experiences over the past three months (February 2000 to April 2000) and expectations for both the current quarter (May 2000 to July 2000) and the 12 months ending May 2001.

Location of Business

| | TOTAL | METRO | NON-METRO |
|--------------|-------------|------------|------------|
| NSW | 200 | 160 | 40 |
| VIC | 200 | 160 | 40 |
| QLD | 200 | 110 | 90 |
| SA | 150 | 130 | 20 |
| WA | 150 | 130 | 20 |
| TAS | 100 | 60 | 40 |
| NT | 100 | 60 | 40 |
| ACT | 100 | 100 | — |
| TOTAL | 1200 | 910 | 290 |

Division

| | |
|--------------------------------------|-------------|
| MANUFACTURING | 215 |
| BUILDING/CONSTRUCTION | 215 |
| WHOLESALE/RETAIL | 215 |
| TRANSPORT/STORAGE | 125 |
| FINANCE/PROPERTY/BUSINESS SERVICES | 215 |
| RECREATION/PERSONAL & OTHER SERVICES | 215 |
| TOTAL SAMPLE | 1200 |



Small Business Outlook - National Summary

CONFIDENCE IN OWN BUSINESS PROSPECTS OVER THE NEXT 12 MONTHS

Small business confidence in their business prospects over the next 12 months has collapsed to the lowest level since the Yellow Pages® *Small Business Index* began.

The net balance of proprietors confident about their prospects for the next 12 months fell to 26% in early May, down from 41% in February and 52% six months ago. The 15 percentage point slump in national small business confidence over the three months since early February is also the most severe quarterly fall in the past seven years.

Confidence fell in all sectors except Transport, and all states and territories except Tasmania.

In most sectors, states and territories, confidence in own business prospects is now at the lowest level for seven years. The exceptions are in the Transport and Business Services sectors, and in Tasmania, Queensland and the ACT.

The fall in confidence was most marked in historically metropolitan regions. The fall in metropolitan confidence mirrors that recorded in regional areas recorded three months ago.

| | May 99 | Aug 99 | Nov 99 | Feb 00 | May 00 |
|--------------------|--------|--------|--------|--------|--------|
| National | 55% | 54% | 52% | 41% | 26% |
| New South Wales | 56% | 53% | 57% | 46% | 30% |
| Victoria | 59% | 54% | 45% | 48% | 20% |
| Queensland | 44% | 51% | 43% | 22% | 15% |
| South Australia | 59% | 71% | 63% | 55% | 35% |
| Western Australia | 62% | 47% | 56% | 42% | 30% |
| Tasmania | 40% | 30% | 43% | 35% | 35% |
| Northern Territory | 55% | 49% | 59% | 49% | 44% |
| A.C.T | 60% | 65% | 63% | 54% | 44% |

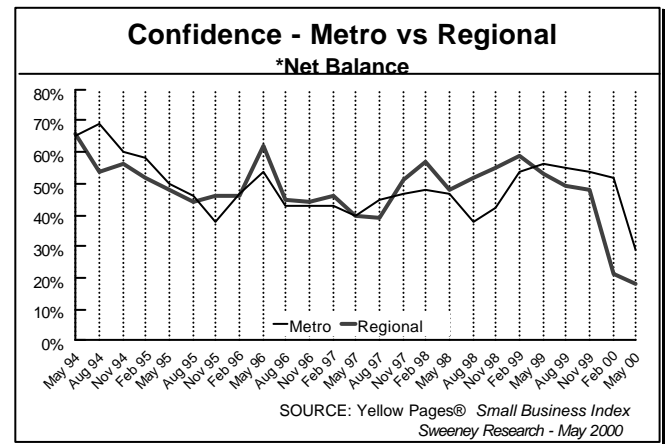
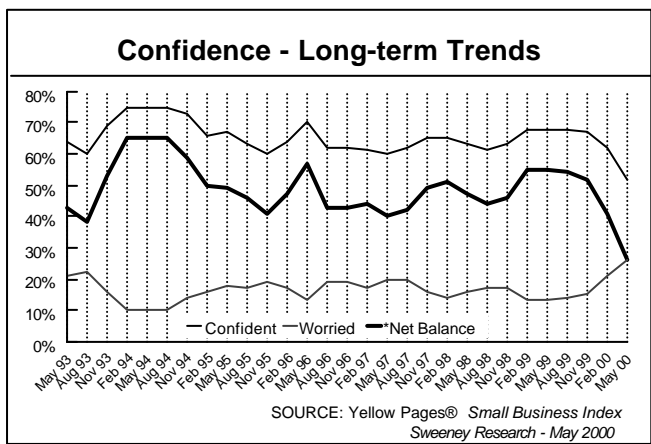
SOURCE: Yellow Pages® *Small Business Index*
Sweeney Research - May 2000

| | May 99 | Aug 99 | Nov 99 | Feb 00 | May 00 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Extremely Confident | 15% | 15% | 15% | 13% | 9% |
| Fairly Confident | 54% | 53% | 52% | 50% | 42% |
| Neutral | 18% | 18% | 18% | 17% | 22% |
| Fairly Worried | 11% | 11% | 12% | 17% | 21% |
| Extremely Worried | 3% | 3% | 3% | 4% | 5% |
| Total Confident | 68% | 68% | 67% | 62% | 52% |
| Total Worried | 13% | 14% | 15% | 21% | 26% |
| *NET BALANCE | +55% | +54% | +52% | +41% | +26% |

SOURCE: Yellow Pages® *Small Business Index*
Sweeney Research - May 2000

| | May 99 | Aug 99 | Nov 99 | Feb 00 | May 00 |
|-----------------------|--------|--------|--------|--------|--------|
| All Businesses | 55% | 54% | 52% | 41% | 26% |
| Manufacturing | 52% | 43% | 53% | 41% | 20% |
| Building/Construction | 57% | 65% | 43% | 36% | 11% |
| Wholesale/Retail | 51% | 45% | 44% | 32% | 14% |
| Transport/Storage | 43% | 50% | 40% | 22% | 27% |
| Business Services | 62% | 59% | 62% | 64% | 39% |
| Personal Services | 53% | 56% | 57% | 36% | 35% |

SOURCE: Yellow Pages® *Small Business Index*
Sweeney Research - May 2000



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

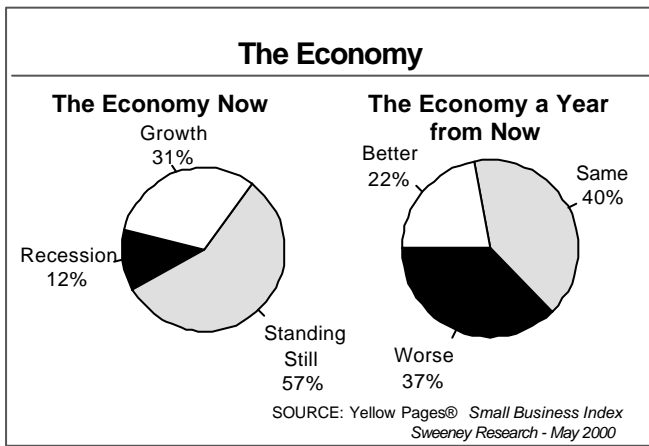
PERCEPTIONS OF THE ECONOMY

While most small business proprietors continue to believe the economy is still growing, the net proportion of proprietors who are positive has fallen sharply in the past three months.

In terms of their expectations for the economy, the proportion believing the economy to be worsening has increased since the last quarter and is now larger than that recorded in any survey over the past seven years.

Across the states and territories, only Tasmanian proprietors see the economy as improving over the next 12 months.

Transport is the only sector where expectations are not negative. Even there, the number expecting an improved economy is almost offset by those expecting the economy to worsen.



Perceptions of the Economy - Trends

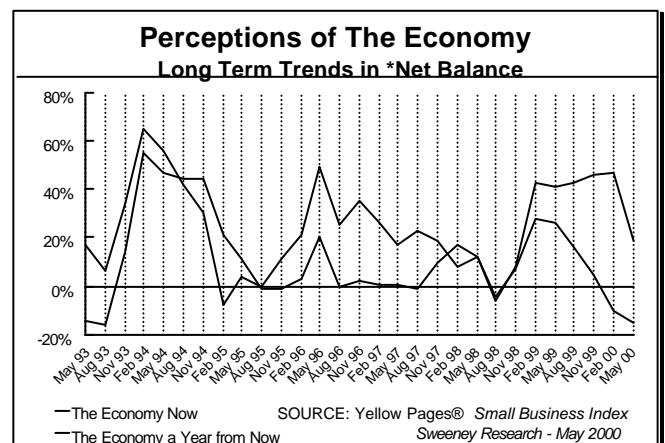
| | May 99 | Aug 99 | Nov 99 | Feb 00 | May 00 |
|------------------------------------|------------|------------|------------|-------------|-------------|
| <i>THE ECONOMY NOW</i> | | | | | |
| Growth | 46% | 47% | 50% | 54% | 31% |
| Recession | 5% | 4% | 4% | 7% | 12% |
| *Net Balance | 41% | 43% | 46% | 47% | 19% |
| <i>THE ECONOMY A YEAR FROM NOW</i> | | | | | |
| Better | 38% | 34% | 28% | 23% | 22% |
| Worse | 12% | 18% | 23% | 33% | 37% |
| *Net Balance | 26% | 16% | 5% | -10% | -15% |

SOURCE: Yellow Pages® Small Business Index
Sweeney Research - May 2000

Perceptions of the Economy by State

| | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|------------------------------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|
| <i>THE ECONOMY NOW</i> | | | | | | | | |
| Growth | 33% | 36% | 21% | 29% | 25% | 34% | 22% | 30% |
| Recession | 15% | 9% | 12% | 9% | 14% | 15% | 18% | 12% |
| *Net Balance | 18% | 27% | 9% | 20% | 11% | 19% | 4% | 18% |
| <i>THE ECONOMY A YEAR FROM NOW</i> | | | | | | | | |
| Better | 25% | 18% | 19% | 21% | 26% | 36% | 31% | 20% |
| Worse | 36% | 42% | 37% | 36% | 35% | 19% | 32% | 38% |
| *Net Balance | -11% | -24% | -18% | -15% | -9% | 17% | -1% | -18% |

SOURCE: Yellow Pages® Small Business Index
Sweeney Research - May 2000



*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 OVER THE NEXT 12 MONTHS

Consistent with the poorer outlook for the economy and their businesses, expectations for higher sales and profits are sharply down.

Two-thirds of small businesses expect to have increased their prices in 12 months' time, with only 5% expecting their prices to fall.

| | Expect An Increase | Expect A Decrease | *Net Balance |
|---------------------|--------------------|-------------------|--------------|
| Value of sales | 48% | 26% | 22% |
| Size of workforce | 18% | 7% | 11% |
| Wages bill | 36% | 9% | 27% |
| Prices charged | 66% | 5% | 61% |
| Profitability | 42% | 28% | 14% |
| Capital expenditure | 35% | 26% | 9% |

SOURCE: Yellow Pages® Small Business Index
Sweeney Research - May 2000

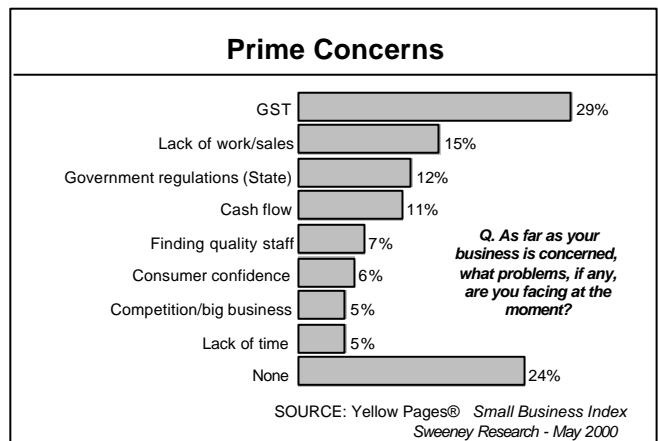
| | May 99 | Aug 99 | Nov 99 | Feb 00 | May 00 |
|---------------------|--------|--------|--------|--------|--------|
| Value of sales | 54% | 55% | 42% | 37% | 22% |
| Size of workforce | 20% | 21% | 18% | 14% | 11% |
| Wages bill | 36% | 34% | 31% | 29% | 27% |
| Prices charged | 42% | 47% | 53% | 64% | 61% |
| Profitability | 53% | 49% | 37% | 22% | 14% |
| Capital expenditure | 21% | 17% | 15% | 16% | 9% |

SOURCE: Yellow Pages® Small Business Index
Sweeney Research - May 2000

CONCERNS

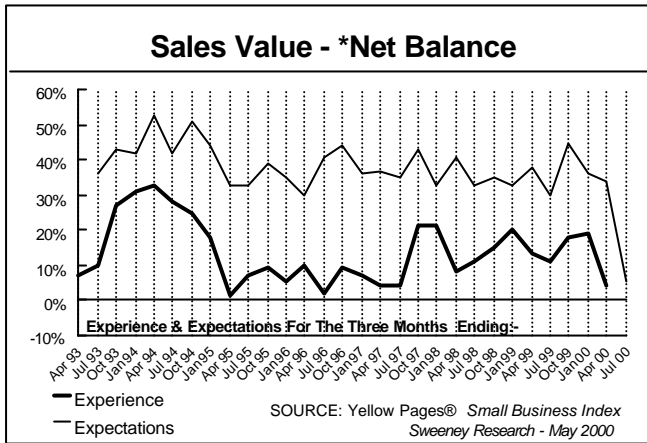
The Goods and Services Tax (GST) continues to be the prime concern of small businesses across Australia. Almost one-third of small business proprietors nominated the GST as a problem for their business. The GST is the most often cited problem in all states and territories, and in all sectors, except Manufacturing. "Lack of work", "state government regulations" and "cash flow" continue to be problems for a significant number of small businesses.

The proportion of small business proprietors who have no problems concerning their businesses declined for the third successive quarter.



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

SALES



Sales growth over the past three months (February–April) was positive but sharply weaker, down to a net 4% only, compared with a net 19% in the previous three months (November–January).

This is the weakest sales growth recorded since May 1997, but comes at the end of seven successive quarters in which more than 10% of proprietors reported sales growth.

Expected sales growth for the current quarter (May–July) is positive but down to a net 5% compared with the net 34% recorded in the February 2000 survey.

Previously, the poorest expectation for sales growth recorded over the past seven years had been a net 30% in May 1999.

EMPLOYMENT

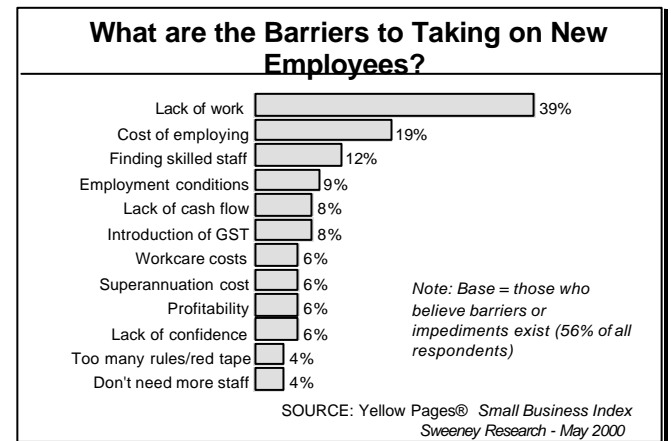
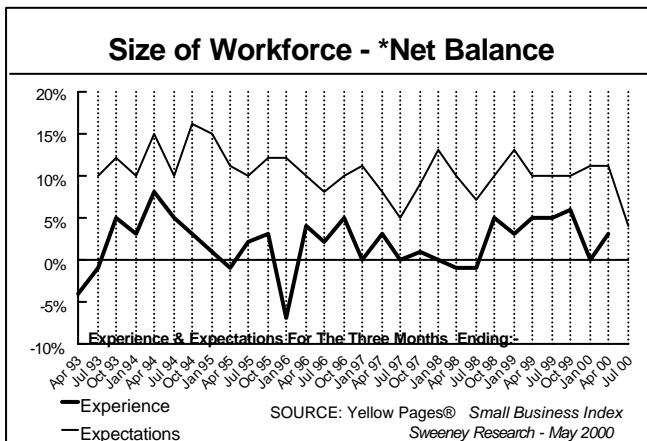
A small net balance of respondents reported higher job numbers in the past quarter. This is only slightly up from the no growth recorded in the February quarter.

Across the states and territories, strong jobs growth in the ACT, Tasmania and Victoria was partially offset by job losses in South Australia.

Nationally, only a net 4% of small business proprietors expect to increase employment in the current quarter. This is well down on expectations in the previous quarter.

In Tasmania and in the Building sector, a net balance of proprietors expect to shed jobs this quarter.

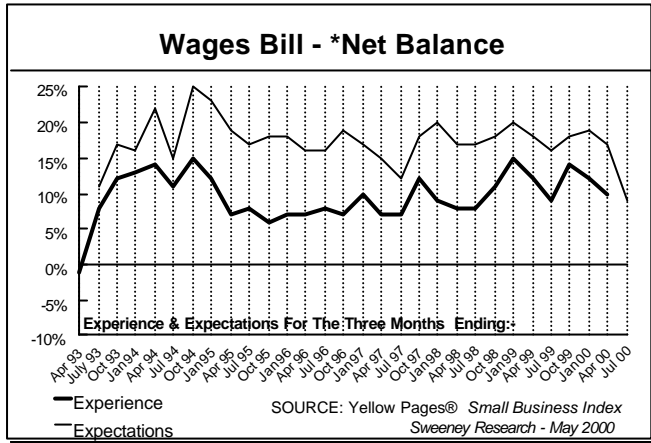
More than half (56%) of small business proprietors believe there are impediments to taking on new employees – a similar proportion to the previous quarter. "Lack of work" continues to be the key barrier cited.



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



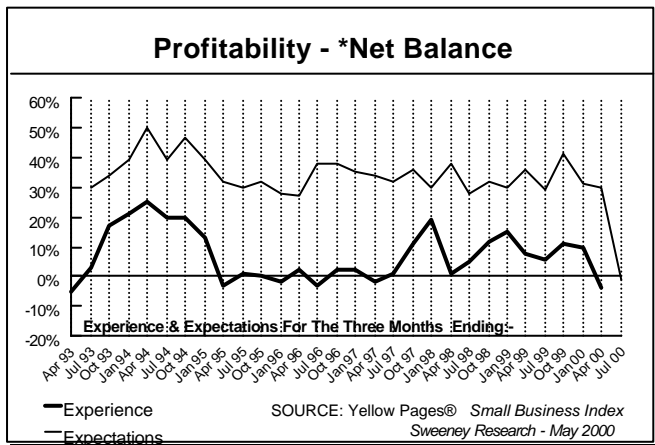
WAGES BILL



Wage growth continued to slow during the past quarter, but remains at high levels.

Expectations for the current quarter indicate this slowing will continue, with sharply fewer proprietors expecting to increase wages. The net 9% expecting to have a higher wage bill is the lowest recorded to date.

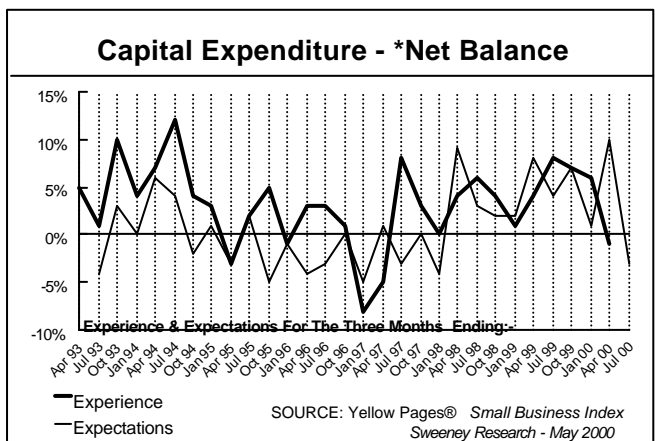
PROFITABILITY AND CAPITAL EXPENDITURE



Reflecting the slower sales growth figures, the proportion of proprietors experiencing higher profits fell 14 percentage points in the May quarter. The net negative 4% is the lowest profit figure since the negative 5% reported in May 1993.

Across the states and territories, the Northern Territory recorded the sharpest turn-around with a net 14% reporting lower profits in the quarter, down from a net 3% in the February quarter.

Nationally, the outlook for profits is also very poor. More proprietors expect to record lower profits in the current quarter than expect an improvement. The net negative 1% is the lowest on record and some 28 percentage points below the previous worst, reported in February 1996.



During the past quarter, there was little change in small business expenditure on capital equipment. The net negative 1% comes after a year of strong capital expenditure growth.

Despite the very poor sales and profits outlook, only a net 3% of proprietors expect to reduce capital expenditure in the current quarter.



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

PRICES

A net 16% of proprietors reported increased prices in the past quarter. This follows similar levels of increased prices in the previous two quarters.

Expectations for higher prices jumped significantly.

Small business proprietors were specifically asked to indicate whether they would increase or decrease their prices with the introduction of the GST.

More than two-thirds indicated they would increase their prices and only 5% said they would drop prices. This latter figure increases to around 10% for both the Manufacturing and Wholesale/Retail sectors.

Those expecting to increase or decrease prices were asked to estimate how much the change would be.

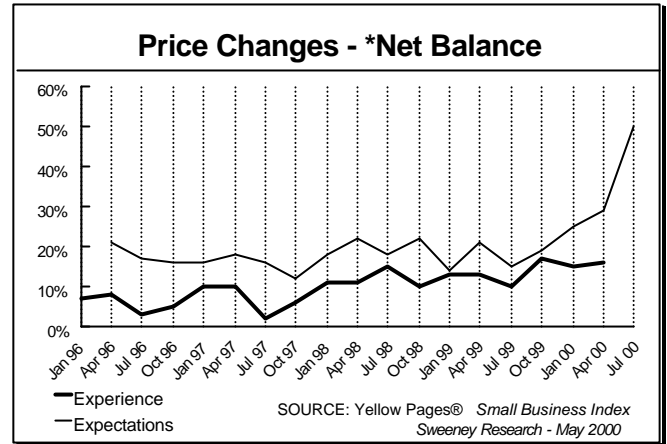
Across all proprietors:

- 2% said they would reduce prices by at least 10%;
- 3% said they would reduce prices by less than 10%;
- 15% said they would increase prices by less than 10%;
- 46% said they would increase prices by 10%;
- 5% said they would increase prices by more than 10%.

Reflecting the large proportion of proprietors increasing their prices by at least 10%, the average price movement across all small businesses is likely to be more than 6%.

Across the sectors, proprietors in the Personal Services and Building sectors expect the highest average net price increase of around 7½%, while those in the Wholesale/Retail sector expect the lowest increase of around 4½%.

Small business proprietors do not, however, expect their input costs to increase substantially. Compared with their own price expectations, slightly fewer expect their suppliers to increase their prices and slightly more expect their suppliers to reduce their prices.



Perceived Impact of GST on Prices

| | Impact on Prices Charged | Impact on Prices Paid |
|------------------------------------|-----------------------------|--------------------------|
| <i>Proportion expect GST to :-</i> | | |
| Increase prices | 69% | 62% |
| Decrease prices | 5% | 10% |
| Have no impact on prices | 22% | 22% |
| Don't know | 3% | 6% |
| Average expected increase | 9.3% | 9.0% |
| Average expected decrease | 7.0% | 7.2% |
| Net increase | 6.3% | 5.0% |

SOURCE: Yellow Pages® Small Business Index
Sweeney Research - May 2000

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



ASSESSMENT OF FEDERAL GOVERNMENT POLICIES

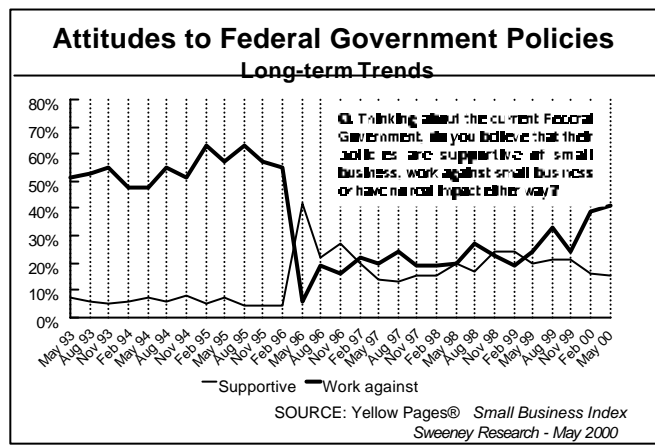
On balance, small business proprietors continue to believe that the Federal Government's policies work against them. More than four out of ten now believe that the policies work against them compared with only 15% who believe Government policies are supportive.

The net negative 26% is the worst assessment of Federal policies since the Howard Government was first elected.

Around two-thirds of those who believe the Government's policies to be working against the small business sector cite the GST as the primary reason.

| Attitudes to Federal Government Policies Past Five Quarters | | | | | |
|--|------------|-------------|------------|-------------|-------------|
| | May 99 | Aug 99 | Nov 99 | Feb 00 | May 00 |
| Supportive | 20% | 21% | 21% | 16% | 15% |
| Work against | 24% | 33% | 24% | 39% | 41% |
| No impact | 56% | 46% | 55% | 46% | 44% |
| Net Balance | -4% | -12% | -3% | -23% | -26% |

SOURCE: Yellow Pages® Small Business Index
Sweeney Research - May 2000



ASSESSMENT OF STATE AND TERRITORY GOVERNMENT POLICIES

Many small business proprietors believe that State Government policies have no impact on the small business sector. In the Territories, this is less often the case. In both the Northern Territory and the ACT, proprietors are substantially more likely to see their Government as working for them rather than against.

In NSW and Western Australia, by contrast, proprietors are clearly more likely to see their Government as working against their interest.

In Victoria, Queensland and South Australia slightly more proprietors believe their State Government to be working against them rather than supporting them; in Tasmania the reverse is true.

Over the quarter, support for the South Australian, Tasmanian and Victorian governments improved strongly.

| Attitudes to State or Territory Government Policies - Trends in *Net Balance | | | | | |
|--|--------|--------|--------|--------|--------|
| | May 99 | Aug 99 | Nov 99 | Feb 00 | May 00 |
| New South Wales | -13% | -16% | -25% | -14% | -18% |
| Victoria | 27% | 20% | -5% | -13% | -2% |
| Queensland | -8% | -6% | -9% | -2% | -4% |
| South Australia | -5% | -6% | -10% | -21% | -6% |
| Western Australia | 3% | -12% | -9% | -6% | -11% |
| Tasmania | -12% | -11% | 0% | -5% | 6% |
| Northern Territory | 51% | 44% | 48% | 47% | 48% |
| A.C.T | -1% | 3% | 10% | 9% | 14% |

SOURCE: Yellow Pages® Small Business Index
Sweeney Research - May 2000

| Attitudes to State or Territory Government Policies - May 2000 | | | | | | | | |
|--|-------------|------------|------------|------------|-------------|-----------|------------|------------|
| | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
| Supportive | 5% | 13% | 12% | 13% | 12% | 19% | 54% | 30% |
| Work against | 23% | 15% | 16% | 19% | 23% | 13% | 6% | 16% |
| No impact | 73% | 73% | 72% | 68% | 65% | 68% | 40% | 55% |
| *Net Balance | -18% | -2% | -4% | -6% | -11% | 6% | 48% | 14% |

SOURCE: Yellow Pages® Small Business Index
Sweeney Research - May 2000

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



THE GST

Attitudes

Just over 50% of small business proprietors remain in favour of the GST, with 30% strongly in favour. Just under 30% are opposed to the GST, with most of these strongly against the tax.

Despite the level of support, two-thirds of small business proprietors are concerned about the complexity of the tax and almost half have strong concerns. Less than one-third are not concerned.

More than half of small business proprietors believe that the GST will adversely affect their bottom line, and more than a third have strong concerns in this area.

The net balance of proprietors in favour of the tax increased from 12% in February 2000 to 18% in May. However, this level of support is still below the level of support (a net 30%) reported just after the 1998 Federal election.

Concerns about the complexity of the tax abated somewhat during the quarter. The proportion of proprietors concerned by complexity fell from around three-quarters to two-thirds during the past three months. The net 35% concerned by complexity is the lowest level since November 1998, just after the previous Federal election.

Around half of proprietors in all sectors are in favour of the GST. The lowest levels of support, on balance, are reported in Personal Services and Building.

Concerns over GST complexity are lowest in the Manufacturing and Wholesale/Retail sectors – sectors where wholesale sales tax currently applies.

Similarly, net concerns about the effect of the GST on the proprietors' bottom lines are lowest in Manufacturing and the Wholesale/Retail sectors.

| | Agree Strongly | Agree a Little | Neutral | Disagree a Little | Disagree Strongly |
|--|----------------|----------------|---------|-------------------|-------------------|
| I'm in favour of the GST | 30% | 24% | 10% | 9% | 27% |
| I'm worried about the complexity involved in complying | 45% | 22% | 2% | 13% | 18% |
| I believe that the GST will have an adverse effect on my bottom line | 36% | 18% | 9% | 20% | 18% |

SOURCE: Yellow Pages® Small Business Index
Sweeney Research - May 2000

| | Nov 98 | May-99 | Nov-99 | Feb-00 | May 00 |
|---|------------|------------|------------|------------|------------|
| I'm in favour of the GST | | | | | |
| Agree | 62% | 58% | 55% | 51% | 54% |
| Neutral | 6% | 6% | 10% | 10% | 10% |
| Disagree | 32% | 36% | 35% | 39% | 36% |
| Net Agree | 30% | 22% | 20% | 12% | 18% |
| I'm worried about the complexity involved in complying | | | | | |
| Agree | 61% | 72% | 70% | 73% | 67% |
| Neutral | 4% | 4% | 4% | 4% | 2% |
| Disagree | 35% | 24% | 26% | 23% | 32% |
| Net Agree | 26% | 48% | 44% | 50% | 35% |
| I believe that the GST will have an adverse effect on my bottom line | | | | | |
| Agree | N/A | N/A | N/A | 56% | 54% |
| Neutral | N/A | N/A | N/A | 8% | 9% |
| Disagree | N/A | N/A | N/A | 36% | 37% |
| Net Agree | N/A | N/A | N/A | 20% | 17% |

SOURCE: Yellow Pages® Small Business Index
Sweeney Research - May 2000

| | Manuf-acturing | Building Construction | Wholesale Retail | Transport Storage | Business Services | Personal Services |
|---|----------------|-----------------------|------------------|-------------------|-------------------|-------------------|
| I'm in favour of the GST | | | | | | |
| Agree | 55% | 47% | 56% | 57% | 59% | 48% |
| Disagree | 37% | 37% | 36% | 33% | 34% | 39% |
| Net Agree | 18% | 10% | 20% | 24% | 25% | 9% |
| I'm worried about the complexity involved in complying | | | | | | |
| Agree | 61% | 69% | 61% | 76% | 70% | 69% |
| Disagree | 37% | 29% | 38% | 23% | 29% | 29% |
| Net Agree | 24% | 40% | 23% | 53% | 41% | 40% |
| I believe that the GST will have an adverse effect on my bottom line | | | | | | |
| Agree | 50% | 59% | 49% | 49% | 52% | 62% |
| Disagree | 41% | 30% | 45% | 34% | 37% | 32% |
| Net Agree | 9% | 29% | 4% | 15% | 15% | 30% |

SOURCE: Yellow Pages® Small Business Index
Sweeney Research - May 2000



Steps Taken

Small business proprietors were asked to nominate the steps they have taken in preparation for the GST. Only 3% of small business proprietors reported that they had not done anything.

Large numbers of small businesses have obtained information to enable them to understand the GST:

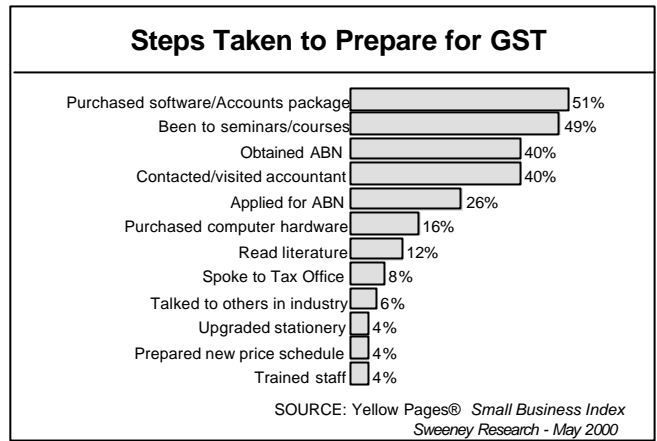
- half (49%) have been to seminars or completed a course on the GST;
- 40% have spoken with their accountant;
- 12% have read literature;
- 8% have spoken with tax officers; and
- 6% have talked to others in the industry.

Further, a significant number have updated their systems to include the GST:

- half (51%) have purchased new computer software or accounting packages;
- 16% have purchased new computer hardware; and
- 4% have upgraded their stationery.

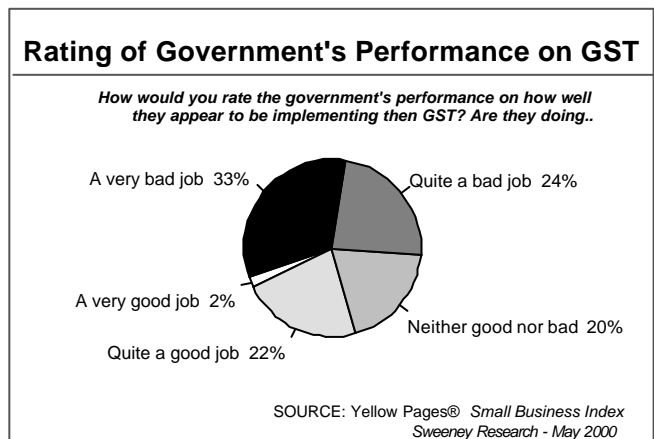
However, some important necessary steps have yet to be taken:

- only 40% of small businesses said they had obtained an Australian Business Number;
- a further 26% claim to be in the process of obtaining one; and
- only 4% nominated preparing a new price schedule.



Perceptions of Government Performance

Less than one-quarter of small business proprietors believe the Government is doing a good job implementing the GST. More than one-half believe it is doing a bad job, with most of these believing it is doing a very bad job.



Small Business Outlook - National

- Confidence collapses to lowest level on record
- Sales growth slowest in three years and expected to worsen
- Profitability worst since May 1993, expected to continue falling
- Federal Government approval continues to slide
- Expectations for price increases very high

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - NATIONAL

SOURCE: Yellow Pages®
Small Business Index

| | | | <u>MAY 1999</u> | <u>AUG 1999</u> | <u>NOV 1999</u> | <u>FEB 2000</u> | <u>MAY 2000</u> | |
|-----------------------------|--------------------|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------------|
| | | | % | % | % | % | % | |
| CONFIDENCE IN OWN BUSINESS | POSITIVE | | 68 | 68 | 67 | 62 | 52 | |
| PROSPECTS IN NEXT 12 MONTHS | NEGATIVE | | 13 | 14 | 15 | 21 | 26 | |
| | NET BALANCE | | +55 | +54 | +52 | +41 | +26 | |
| | | <u>ACTUAL EXPERIENCE DURING:</u> | | | | | | <u>EXPECTATIONS FOR:</u> |
| | | | <u>FEB-APR</u> | <u>MAY-JUL</u> | <u>AUG-OCT</u> | <u>NOV-JAN</u> | <u>FEB-APR</u> | <u>MAY-JUL</u> |
| | | | <u>1999</u> | <u>1999</u> | <u>1999</u> | <u>99/00</u> | <u>2000</u> | <u>2000</u> |
| | | | % | % | % | % | % | % |
| SALES VALUE: | INCREASE | | 39 | 38 | 43 | 44 | 37 | 42 |
| | DECREASE | | 26 | 27 | 25 | 25 | 33 | 12 |
| | NET BALANCE | | +13 | +11 | +18 | +19 | +4 | +30 |
| SIZE OF WORKFORCE: | INCREASE | | 15 | 14 | 14 | 9 | 11 | 13 |
| | DECREASE | | 10 | 9 | 8 | 9 | 9 | 3 |
| | NET BALANCE | | +5 | +5 | +6 | 0 | +2 | +10 |
| WAGES BILL: | INCREASE | | 23 | 21 | 24 | 24 | 23 | 23 |
| | DECREASE | | 10 | 12 | 10 | 12 | 13 | 7 |
| | NET BALANCE | | +13 | +9 | +14 | +12 | +10 | +16 |
| PRICES: | INCREASE | | 17 | 16 | 21 | 20 | 20 | 18 |
| | DECREASE | | 4 | 6 | 4 | 5 | 4 | 3 |
| | NET BALANCE | | +13 | +10 | +17 | +15 | +16 | +15 |
| PROFITABILITY: | INCREASE | | 35 | 34 | 36 | 36 | 30 | 42 |
| | DECREASE | | 27 | 28 | 25 | 26 | 34 | 13 |
| | NET BALANCE | | +8 | +6 | +11 | +10 | -4 | +29 |
| CAPITAL EXPENDITURE: | INCREASE | | 22 | 26 | 25 | 26 | 23 | 24 |
| | DECREASE | | 18 | 18 | 18 | 20 | 24 | 20 |
| | NET BALANCE | | +4 | +8 | +7 | +6 | -1 | +4 |

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



Small Business Outlook - NSW

- Confidence worst on record
- Fall in sales growth and profits worst for three years, expectations easily worst on record
- Capital expenditure falls back sharply
- State Government approval falls back

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - NSW

SOURCE: Yellow Pages®
Small Business Index

| | | | <u>MAY 1999</u> | <u>AUG 1999</u> | <u>NOV 1999</u> | <u>FEB 2000</u> | <u>MAY 2000</u> | | | | |
|-----------------------------|--------------------|----------------------------------|--------------------------|-----------------|------------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|
| | | | % | % | % | % | % | | | | |
| CONFIDENCE IN OWN BUSINESS | POSITIVE | | 69 | 68 | 70 | 66 | 55 | | | | |
| PROSPECTS IN NEXT 12 MONTHS | NEGATIVE | | 13 | 15 | 13 | 20 | 25 | | | | |
| | NET BALANCE | | +56 | +53 | +57 | +46 | +30 | | | | |
| | | <u>ACTUAL EXPERIENCE DURING:</u> | <u>EXPECTATIONS FOR:</u> | | | | | | | | |
| | | FEB-APR 1999 | MAY-JUL 1999 | AUG-OCT 1999 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 1999 | AUG-OCT 1999 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 2000 |
| | | % | % | % | % | % | % | % | % | % | % |
| SALES VALUE: | INCREASE | 43 | 35 | 46 | 47 | 37 | 43 | 56 | 42 | 49 | 35 |
| | DECREASE | 24 | 27 | 21 | 23 | 34 | 14 | 10 | 15 | 12 | 28 |
| | NET BALANCE | +19 | +8 | +25 | +24 | +3 | +29 | +46 | +27 | +37 | +7 |
| SIZE OF WORKFORCE: | INCREASE | 18 | 19 | 17 | 7 | 11 | 14 | 16 | 14 | 18 | 13 |
| | DECREASE | 8 | 6 | 10 | 10 | 10 | 1 | 5 | 5 | 3 | 7 |
| | NET BALANCE | +10 | +13 | +7 | -3 | +1 | +13 | +11 | +9 | +15 | +6 |
| WAGES BILL: | INCREASE | 23 | 20 | 25 | 25 | 22 | 23 | 23 | 24 | 27 | 21 |
| | DECREASE | 11 | 8 | 10 | 14 | 17 | 5 | 3 | 4 | 4 | 14 |
| | NET BALANCE | +12 | +12 | +15 | +11 | +5 | +18 | +20 | +20 | +23 | +7 |
| PRICES: | INCREASE | 18 | 15 | 23 | 22 | 18 | 18 | 21 | 29 | 32 | 52 |
| | DECREASE | 1 | 6 | 4 | 4 | 4 | 3 | 3 | 2 | 1 | 5 |
| | NET BALANCE | +17 | +9 | +19 | +18 | +14 | +15 | +18 | +27 | +31 | +47 |
| PROFITABILITY: | INCREASE | 36 | 33 | 38 | 41 | 32 | 45 | 53 | 41 | 42 | 29 |
| | DECREASE | 26 | 26 | 20 | 23 | 34 | 14 | 9 | 12 | 12 | 31 |
| | NET BALANCE | +10 | +7 | +18 | +18 | -2 | +31 | +44 | +29 | +30 | -2 |
| CAPITAL EXPENDITURE: | INCREASE | 22 | 28 | 30 | 28 | 21 | 24 | 24 | 20 | 29 | 27 |
| | DECREASE | 20 | 17 | 16 | 15 | 26 | 20 | 19 | 28 | 13 | 25 |
| | NET BALANCE | +2 | +11 | +14 | +13 | -5 | +4 | +5 | -8 | +16 | +2 |

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



Small Business Outlook - Victoria

- Confidence worst on record - largest fall of all states and territories
- Sales growth falls back, expectations easily worst on record
- Large fall in profits, expectations collapse to worst recorded
- State Government approval recovers

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - VICTORIA

SOURCE: Yellow Pages®
Small Business Index

| | | | <u>MAY 1999</u> | <u>AUG 1999</u> | <u>NOV 1999</u> | <u>FEB 2000</u> | <u>MAY 2000</u> | | | | |
|-----------------------------|--------------------|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------------|------------|------------|------------|
| | | | % | % | % | % | % | | | | |
| CONFIDENCE IN OWN BUSINESS | POSITIVE | | 69 | 68 | 63 | 65 | 49 | | | | |
| PROSPECTS IN NEXT 12 MONTHS | NEGATIVE | | 10 | 14 | 18 | 17 | 29 | | | | |
| | NET BALANCE | | +59 | +54 | +45 | +48 | +20 | | | | |
| | | <u>ACTUAL EXPERIENCE DURING:</u> | | | | | | <u>EXPECTATIONS FOR:</u> | | | |
| | | FEB-APR | MAY-JUL | AUG-OCT | NOV-JAN | FEB-APR | MAY-JUL | AUG-OCT | NOV-JAN | FEB-APR | MAY-JUL |
| | | 1999 | 1999 | 1999 | 99/00 | 2000 | 1999 | 1999 | 99/00 | 2000 | 2000 |
| | | % | % | % | % | % | % | % | % | % | % |
| SALES VALUE: | INCREASE | 39 | 45 | 36 | 44 | 36 | 40 | 50 | 53 | 46 | 34 |
| | DECREASE | 27 | 21 | 29 | 24 | 30 | 11 | 9 | 13 | 15 | 32 |
| | NET BALANCE | +12 | +24 | +7 | +20 | +6 | +29 | +41 | +40 | +31 | +2 |
| SIZE OF WORKFORCE: | INCREASE | 14 | 10 | 10 | 8 | 14 | 13 | 10 | 16 | 14 | 6 |
| | DECREASE | 10 | 7 | 7 | 8 | 7 | 4 | 3 | 2 | 3 | 4 |
| | NET BALANCE | +4 | +3 | +3 | 0 | +7 | +9 | +7 | +14 | +11 | +2 |
| WAGES BILL: | INCREASE | 23 | 26 | 24 | 21 | 24 | 23 | 19 | 26 | 26 | 18 |
| | DECREASE | 9 | 9 | 9 | 9 | 9 | 6 | 6 | 5 | 7 | 8 |
| | NET BALANCE | +14 | +17 | +15 | +12 | +15 | +17 | +13 | +21 | +19 | +10 |
| PRICES: | INCREASE | 15 | 15 | 16 | 14 | 17 | 16 | 20 | 25 | 28 | 61 |
| | DECREASE | 3 | 3 | 7 | 8 | 5 | 3 | 1 | 3 | 1 | 3 |
| | NET BALANCE | +12 | +12 | +9 | +6 | +12 | +13 | +19 | +22 | +27 | +58 |
| PROFITABILITY: | INCREASE | 36 | 39 | 34 | 35 | 27 | 41 | 48 | 47 | 42 | 28 |
| | DECREASE | 28 | 24 | 28 | 24 | 35 | 12 | 10 | 14 | 13 | 28 |
| | NET BALANCE | +8 | +15 | +6 | +11 | -8 | +29 | +38 | +33 | +29 | 0 |
| CAPITAL EXPENDITURE: | INCREASE | 23 | 26 | 26 | 27 | 25 | 27 | 28 | 26 | 30 | 23 |
| | DECREASE | 12 | 19 | 18 | 20 | 22 | 17 | 16 | 21 | 21 | 32 |
| | NET BALANCE | +11 | +7 | +8 | +7 | +3 | +10 | +12 | +5 | +9 | -9 |

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



Small Business Outlook - Queensland

- Confidence falls to lowest level since November 1995 - the lowest across all states and territories
- Sales decline after two quarters of strong growth, expectations lowest on record
- Profits fall back, expectations to lowest on record
- State Government approval remains negative

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - QUEENSLAND

SOURCE: Yellow Pages®
Small Business Index

| | | MAY 1999 | AUG 1999 | NOV 1999 | FEB 2000 | MAY 2000 | | | | | |
|-----------------------------|--------------------|----------------------------------|-----------------|-----------------|------------------|-----------------|--------------------------|-----------------|------------------|-----------------|-----------------|
| | | % | % | % | % | % | | | | | |
| CONFIDENCE IN OWN BUSINESS | POSITIVE | 63 | 65 | 61 | 51 | 44 | | | | | |
| PROSPECTS IN NEXT 12 MONTHS | NEGATIVE | 19 | 14 | 18 | 29 | 29 | | | | | |
| | NET BALANCE | +44 | +51 | +43 | +22 | +15 | | | | | |
| | | ACTUAL EXPERIENCE DURING: | | | | | EXPECTATIONS FOR: | | | | |
| | | FEB-APR 1999 | MAY-JUL 1999 | AUG-OCT 1999 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 1999 | AUG-OCT 1999 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 2000 |
| | | % | % | % | % | % | % | % | % | % | |
| SALES VALUE: | INCREASE | 34 | 36 | 43 | 44 | 35 | 46 | 60 | 48 | 46 | 37 |
| | DECREASE | 33 | 33 | 23 | 26 | 36 | 9 | 6 | 8 | 12 | 23 |
| | NET BALANCE | +1 | +3 | +20 | +18 | -1 | +37 | +54 | +40 | +34 | +14 |
| SIZE OF WORKFORCE: | INCREASE | 11 | 15 | 14 | 8 | 11 | 14 | 15 | 15 | 11 | 11 |
| | DECREASE | 13 | 9 | 10 | 11 | 9 | 7 | 3 | 4 | 3 | 7 |
| | NET BALANCE | -2 | +6 | +4 | -3 | 2 | +7 | +12 | +11 | +8 | +4 |
| WAGES BILL: | INCREASE | 22 | 20 | 25 | 30 | 25 | 23 | 27 | 25 | 17 | 21 |
| | DECREASE | 11 | 20 | 13 | 12 | 13 | 8 | 5 | 5 | 10 | 9 |
| | NET BALANCE | +11 | 0 | +12 | +18 | +12 | +15 | +22 | +20 | +7 | +12 |
| PRICES: | INCREASE | 18 | 14 | 22 | 23 | 25 | 18 | 24 | 28 | 33 | 53 |
| | DECREASE | 6 | 10 | 3 | 6 | 2 | 2 | 1 | 2 | 2 | 5 |
| | NET BALANCE | +12 | +4 | +19 | +17 | +23 | +16 | +23 | +26 | +31 | +48 |
| PROFITABILITY: | INCREASE | 30 | 28 | 35 | 34 | 30 | 43 | 55 | 42 | 39 | 30 |
| | DECREASE | 31 | 31 | 26 | 30 | 38 | 10 | 6 | 12 | 14 | 26 |
| | NET BALANCE | -1 | -3 | +9 | +4 | -8 | +33 | +49 | +30 | +25 | +4 |
| CAPITAL EXPENDITURE: | INCREASE | 20 | 28 | 22 | 23 | 25 | 22 | 28 | 22 | 30 | 23 |
| | DECREASE | 22 | 15 | 19 | 24 | 24 | 22 | 18 | 18 | 19 | 28 |
| | NET BALANCE | -2 | +13 | +3 | -1 | +1 | 0 | +10 | +4 | +11 | -5 |

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



Small Business Outlook - SA

- Confidence falls to lowest on record
- Sales and profit growth slows, but expectations fall to easily lowest on record
- State Government approval recovers but still negative
- Jump in price increases

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - SA

SOURCE: Yellow Pages®
Small Business Index

| | | MAY 1999 | AUG 1999 | NOV 1999 | FEB 2000 | MAY 2000 | | | | | |
|-----------------------------|--------------------|----------------------------------|-----------------|-----------------|------------------|-----------------|--------------------------|-----------------|------------------|-----------------|-----------------|
| | | % | % | % | % | % | | | | | |
| CONFIDENCE IN OWN BUSINESS | POSITIVE | 72 | 77 | 75 | 70 | 57 | | | | | |
| PROSPECTS IN NEXT 12 MONTHS | NEGATIVE | 13 | 6 | 12 | 15 | 22 | | | | | |
| | NET BALANCE | +59 | +71 | +63 | +55 | +35 | | | | | |
| | | ACTUAL EXPERIENCE DURING: | | | | | EXPECTATIONS FOR: | | | | |
| | | FEB-APR 1999 | MAY-JUL 1999 | AUG-OCT 1999 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 1999 | AUG-OCT 1999 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 2000 |
| | | % | % | % | % | % | % | % | % | % | |
| SALES VALUE: | INCREASE | 45 | 43 | 49 | 45 | 35 | 39 | 53 | 53 | 47 | 33 |
| | DECREASE | 17 | 23 | 21 | 22 | 24 | 16 | 3 | 4 | 16 | 27 |
| | NET BALANCE | +28 | +20 | +28 | +23 | +11 | +23 | +50 | +49 | +31 | +6 |
| SIZE OF WORKFORCE: | INCREASE | 16 | 12 | 11 | 9 | 5 | 10 | 11 | 14 | 7 | 9 |
| | DECREASE | 7 | 8 | 5 | 4 | 4 | 1 | 2 | 3 | 2 | 5 |
| | NET BALANCE | +9 | +4 | +6 | +5 | +1 | +9 | +9 | +11 | +5 | +4 |
| WAGES BILL: | INCREASE | 23 | 28 | 23 | 22 | 16 | 25 | 24 | 23 | 17 | 18 |
| | DECREASE | 9 | 8 | 8 | 14 | 9 | 9 | 3 | 3 | 3 | 14 |
| | NET BALANCE | +14 | +20 | +15 | +8 | +7 | +16 | +21 | +20 | +14 | +4 |
| PRICES: | INCREASE | 16 | 22 | 19 | 15 | 28 | 24 | 18 | 26 | 30 | 60 |
| | DECREASE | 9 | 4 | 3 | 2 | 0 | 7 | 2 | 2 | 3 | 5 |
| | NET BALANCE | +7 | +18 | +16 | +13 | +28 | +17 | +16 | +24 | +27 | +55 |
| PROFITABILITY: | INCREASE | 39 | 40 | 36 | 38 | 33 | 36 | 53 | 50 | 42 | 30 |
| | DECREASE | 19 | 28 | 27 | 23 | 27 | 15 | 4 | 5 | 12 | 26 |
| | NET BALANCE | +20 | +12 | +9 | +15 | +6 | +21 | +49 | +45 | +30 | +4 |
| CAPITAL EXPENDITURE: | INCREASE | 21 | 21 | 20 | 24 | 20 | 30 | 25 | 22 | 29 | 22 |
| | DECREASE | 19 | 20 | 22 | 24 | 21 | 16 | 13 | 14 | 28 | 27 |
| | NET BALANCE | +2 | +1 | -2 | 0 | -1 | +14 | +12 | +8 | +1 | -5 |

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



Small Business Outlook - WA

- Confidence falls to lowest on record
- Sales growth slightly stronger, expectations worst on record
- Profit declines slow, but expectations collapse to worst on record
- State Government approval falls back

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - WA

SOURCE: Yellow Pages®
Small Business Index

| | | MAY 1999 | AUG 1999 | NOV 1999 | FEB 2000 | MAY 2000 | | | | | |
|-----------------------------|--------------------|----------------------------------|-----------------|-----------------|------------------|-----------------|--------------------------|-----------------|------------------|-----------------|-----------------|
| | | % | % | % | % | % | | | | | |
| CONFIDENCE IN OWN BUSINESS | POSITIVE | 75 | 65 | 67 | 60 | 55 | | | | | |
| PROSPECTS IN NEXT 12 MONTHS | NEGATIVE | 13 | 18 | 11 | 18 | 25 | | | | | |
| | NET BALANCE | +62 | +47 | +56 | +42 | +30 | | | | | |
| | | ACTUAL EXPERIENCE DURING: | | | | | EXPECTATIONS FOR: | | | | |
| | | FEB-APR 1999 | MAY-JUL 1999 | AUG-OCT 1999 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 1999 | AUG-OCT 1999 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 2000 |
| | | % | % | % | % | % | % | % | % | % | |
| SALES VALUE: | INCREASE | | 34 | 40 | 33 | 41 | 40 | 47 | 49 | 46 | 24 |
| | DECREASE | 24 | 31 | 30 | 34 | 39 | 14 | 15 | 10 | 10 | 35 |
| | NET BALANCE | +11 | +3 | +10 | -1 | +2 | +26 | +32 | +39 | +36 | -11 |
| SIZE OF WORKFORCE: | INCREASE | 15 | 10 | 12 | 10 | 9 | 13 | 17 | 15 | 9 | 7 |
| | DECREASE | 15 | 19 | 4 | 5 | 15 | 6 | 6 | 4 | 7 | 7 |
| | NET BALANCE | 0 | -9 | +8 | +5 | -6 | +7 | +11 | +11 | +2 | 0 |
| WAGES BILL: | INCREASE | 26 | 15 | 17 | 18 | 21 | 19 | 24 | 20 | 16 | 25 |
| | DECREASE | 8 | 19 | 9 | 11 | 16 | 7 | 7 | 5 | 11 | 14 |
| | NET BALANCE | +18 | -4 | +8 | +7 | +5 | +12 | +17 | +15 | +5 | +11 |
| PRICES: | INCREASE | 18 | 19 | 22 | 22 | 17 | 21 | 20 | 28 | 33 | 52 |
| | DECREASE | 6 | 9 | 3 | 1 | 3 | 2 | 8 | 0 | 1 | 5 |
| | NET BALANCE | +12 | +10 | +19 | +21 | +14 | +19 | +12 | +28 | +32 | +47 |
| PROFITABILITY: | INCREASE | 30 | 25 | 35 | 23 | 29 | 37 | 40 | 40 | 46 | 21 |
| | DECREASE | 23 | 33 | 32 | 35 | 38 | 14 | 16 | 10 | 8 | 33 |
| | NET BALANCE | +7 | -8 | +3 | -12 | -9 | +23 | +24 | +30 | +38 | -12 |
| CAPITAL EXPENDITURE: | INCREASE | 27 | 20 | 17 | 24 | 19 | 15 | 21 | 27 | 27 | 21 |
| | DECREASE | 15 | 24 | 21 | 30 | 27 | 23 | 20 | 18 | 22 | 23 |
| | NET BALANCE | +12 | -4 | -4 | -6 | -8 | -8 | +1 | +9 | +5 | -2 |

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



Small Business Outlook - Tasmania

- Confidence unchanged
- Sales growth slows, expectations collapse to lowest on record
- Profit growth up strongly, expectations collapse to easily worst on record
- State Government approval improves strongly
- Price rises slow

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - TASMANIA

SOURCE: Yellow Pages®
Small Business Index

| | | | <u>MAY 1999</u> | <u>AUG 1999</u> | <u>NOV 1999</u> | <u>FEB 2000</u> | <u>MAY 2000</u> | | | | |
|-----------------------------|--------------------|----------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|--------------------------|------------------|-----------------|-----------------|
| | | | % | % | % | % | % | | | | |
| CONFIDENCE IN OWN BUSINESS | POSITIVE | | 59 | 54 | 62 | 57 | 56 | | | | |
| PROSPECTS IN NEXT 12 MONTHS | NEGATIVE | | 19 | 24 | 19 | 22 | 21 | | | | |
| | NET BALANCE | | +40 | +30 | +43 | +35 | +35 | | | | |
| | | ACTUAL EXPERIENCE DURING: | | | | | | EXPECTATIONS FOR: | | | |
| | | FEB-APR 1999 | MAY-JUL 1999 | AUG-OCT 1999 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 1999 | AUG-OCT 1999 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 2000 |
| | | % | % | % | % | % | % | % | % | % | % |
| SALES VALUE: | INCREASE | 41 | 28 | 39 | 41 | 36 | 28 | 40 | 51 | 41 | 20 |
| | DECREASE | 32 | 37 | 29 | 27 | 30 | 18 | 2 | 7 | 18 | 33 |
| | NET BALANCE | +9 | -9 | +10 | +14 | +6 | +10 | +38 | +44 | +23 | -13 |
| SIZE OF WORKFORCE: | INCREASE | 8 | 4 | 15 | 14 | 11 | 10 | 14 | 12 | 12 | 7 |
| | DECREASE | 12 | 12 | 8 | 15 | 2 | 3 | 1 | 4 | 5 | 13 |
| | NET BALANCE | -4 | -8 | +7 | -1 | +9 | +7 | +13 | +8 | +7 | -6 |
| WAGES BILL: | INCREASE | 20 | 15 | 26 | 22 | 19 | 18 | 26 | 28 | 20 | 14 |
| | DECREASE | 9 | 20 | 11 | 14 | 7 | 10 | 3 | 5 | 7 | 15 |
| | NET BALANCE | +11 | -5 | +15 | +8 | +12 | +8 | +23 | +23 | +13 | -1 |
| PRICES: | INCREASE | 18 | 12 | 17 | 21 | 12 | 11 | 14 | 24 | 19 | 51 |
| | DECREASE | 6 | 5 | 6 | 6 | 8 | 8 | 2 | 2 | 5 | 11 |
| | NET BALANCE | +12 | +7 | +11 | +15 | +4 | +3 | +12 | +22 | +14 | +40 |
| PROFITABILITY: | INCREASE | 37 | 25 | 34 | 40 | 33 | 25 | 41 | 44 | 40 | 18 |
| | DECREASE | 28 | 39 | 30 | 36 | 24 | 20 | 5 | 8 | 18 | 39 |
| | NET BALANCE | +9 | -14 | +4 | +4 | +9 | +5 | +36 | +36 | +22 | -21 |
| CAPITAL EXPENDITURE: | INCREASE | 21 | 20 | 22 | 25 | 18 | 16 | 20 | 15 | 16 | 21 |
| | DECREASE | 21 | 16 | 23 | 27 | 26 | 21 | 17 | 18 | 27 | 23 |
| | NET BALANCE | 0 | +4 | -1 | -2 | -8 | -5 | +3 | -3 | -11 | -2 |

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



Small Business Outlook - NT

- Confidence down to worst recorded
- Sales fall to historically low levels, expectations fall back
- Profits down sharply to worse ever, expectations fall back
- Territory Government approval steady and positive

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - NT

SOURCE: Yellow Pages®
Small Business Index

| | | MAY 1999 | AUG 1999 | NOV 1999 | FEB 2000 | MAY 2000 | | | | | |
|-----------------------------|--------------------|----------------------------------|------------|------------|------------|------------|--------------------------|------------|------------|------------|------------|
| | | % | % | % | % | % | | | | | |
| CONFIDENCE IN OWN BUSINESS | POSITIVE | 64 | 67 | 71 | 67 | 60 | | | | | |
| PROSPECTS IN NEXT 12 MONTHS | NEGATIVE | 9 | 18 | 12 | 18 | 16 | | | | | |
| | NET BALANCE | +55 | +49 | +59 | +49 | +44 | | | | | |
| | | ACTUAL EXPERIENCE DURING: | | | | | EXPECTATIONS FOR: | | | | |
| | | FEB-APR | MAY-JUL | AUG-OCT | NOV-JAN | FEB-APR | MAY-JUL | AUG-OCT | NOV-JAN | FEB-APR | MAY-JUL |
| | | 1999 | 1999 | 1999 | 99/00 | 2000 | 1999 | 1999 | 99/00 | 2000 | 2000 |
| | | % | % | % | % | % | % | % | % | % | % |
| SALES VALUE: | INCREASE | 38 | 35 | 55 | 39 | 37 | 61 | 52 | 40 | 57 | 44 |
| | DECREASE | 40 | 29 | 23 | 26 | 41 | 6 | 12 | 28 | 7 | 24 |
| | NET BALANCE | -2 | +6 | +32 | +13 | -4 | +55 | +40 | +12 | +50 | +20 |
| SIZE OF WORKFORCE: | INCREASE | 20 | 11 | 12 | 12 | 9 | 19 | 14 | 14 | 23 | 18 |
| | DECREASE | 13 | 17 | 16 | 23 | 9 | 4 | 7 | 11 | 5 | 9 |
| | NET BALANCE | +7 | -6 | -4 | -11 | 0 | +15 | +7 | +3 | +18 | +9 |
| WAGES BILL: | INCREASE | 19 | 19 | 36 | 24 | 18 | 30 | 20 | 22 | 30 | 25 |
| | DECREASE | 16 | 19 | 13 | 15 | 22 | 5 | 11 | 17 | 8 | 9 |
| | NET BALANCE | +3 | 0 | +23 | +9 | -4 | +25 | +9 | +5 | +22 | +16 |
| PRICES : | INCREASE | 16 | 12 | 20 | 14 | 24 | 16 | 16 | 15 | 31 | 55 |
| | DECREASE | 5 | 8 | 8 | 2 | 9 | 2 | 5 | 6 | 3 | 0 |
| | NET BALANCE | +11 | +4 | +12 | +12 | +15 | +14 | +11 | +9 | +28 | +55 |
| PROFITABILITY: | INCREASE | 37 | 35 | 46 | 30 | 27 | 58 | 49 | 41 | 55 | 39 |
| | DECREASE | 31 | 29 | 21 | 27 | 41 | 8 | 10 | 28 | 7 | 23 |
| | NET BALANCE | +6 | +6 | +25 | +3 | -14 | +50 | +39 | +13 | +48 | +16 |
| CAPITAL EXPENDITURE: | INCREASE | 26 | 22 | 31 | 27 | 28 | 29 | 32 | 18 | 40 | 32 |
| | DECREASE | 20 | 27 | 22 | 27 | 22 | 14 | 29 | 33 | 17 | 29 |
| | NET BALANCE | +6 | -5 | +9 | 0 | +6 | +15 | +3 | -15 | +23 | +3 |

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



Small Business Outlook - ACT

- Confidence down sharply
- Sales growth falls sharply back, expectations down
- Profit growth slows, expectations down to lowest recorded
- Territory Government approval bounces back
- Prices growth up

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - ACT

SOURCE: Yellow Pages®
Small Business Index

| | | MAY 1999 | AUG 1999 | NOV 1999 | FEB 2000 | MAY 2000 | | | | | |
|-----------------------------|--------------------|----------------------------------|-----------------|-----------------|------------------|-----------------|--------------------------|-----------------|------------------|-----------------|-----------------|
| | | % | % | % | % | % | | | | | |
| CONFIDENCE IN OWN BUSINESS | POSITIVE | 70 | 72 | 74 | 69 | 64 | | | | | |
| PROSPECTS IN NEXT 12 MONTHS | NEGATIVE | 10 | 7 | 11 | 15 | 20 | | | | | |
| | NET BALANCE | +60 | +65 | +63 | +54 | +44 | | | | | |
| | | ACTUAL EXPERIENCE DURING: | | | | | EXPECTATIONS FOR: | | | | |
| | | FEB-APR 1999 | MAY-JUL 1999 | AUG-OCT 1998 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 1999 | AUG-OCT 1999 | NOV-JAN 99/00 | FEB-APR 2000 | MAY-JUL 2000 |
| | | % | % | % | % | % | % | % | % | % | |
| SALES VALUE: | INCREASE | 48 | 56 | 50 | 53 | 38 | 46 | 51 | 51 | 51 | 30 |
| | DECREASE | 15 | 16 | 23 | 7 | 17 | 11 | 10 | 10 | 9 | 20 |
| | NET BALANCE | +33 | +40 | +27 | +46 | +21 | +35 | +41 | +41 | +42 | +10 |
| SIZE OF WORKFORCE: | INCREASE | 17 | 17 | 7 | 13 | 18 | 14 | 14 | 16 | 17 | 14 |
| | DECREASE | 10 | 8 | 7 | 10 | 7 | 8 | 6 | 2 | 4 | 3 |
| | NET BALANCE | +7 | +9 | 0 | +3 | +11 | +6 | +8 | +14 | +13 | +11 |
| WAGES BILL: | INCREASE | 19 | 23 | 27 | 25 | 24 | 24 | 19 | 22 | 30 | 25 |
| | DECREASE | 12 | 3 | 8 | 10 | 7 | 9 | 6 | 3 | 5 | 3 |
| | NET BALANCE | +7 | +20 | +19 | +15 | +17 | +15 | +13 | +19 | +25 | +22 |
| PRICES: | INCREASE | 19 | 21 | 15 | 22 | 28 | 19 | 25 | 19 | 28 | 64 |
| | DECREASE | 7 | 5 | 3 | 2 | 1 | 0 | 1 | 2 | 5 | 2 |
| | NET BALANCE | +12 | +16 | +12 | +20 | +27 | +19 | +24 | +17 | +23 | +62 |
| PROFITABILITY: | INCREASE | 46 | 47 | 45 | 46 | 42 | 37 | 47 | 51 | 47 | 31 |
| | DECREASE | 13 | 18 | 17 | 14 | 16 | 11 | 8 | 8 | 11 | 26 |
| | NET BALANCE | +33 | +29 | +28 | +32 | +26 | +26 | +39 | +43 | +36 | +5 |
| CAPITAL EXPENDITURE: | INCREASE | 21 | 27 | 23 | 30 | 19 | 22 | 26 | 13 | 18 | 18 |
| | DECREASE | 19 | 13 | 27 | 27 | 23 | 16 | 18 | 33 | 33 | 34 |
| | NET BALANCE | +2 | +14 | -4 | +3 | -4 | +6 | +8 | -20 | -15 | -16 |

* 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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