

NOVEMBER 2000

YELLOW PAGES<sup>®</sup>  
BUSINESS INDEX

*SMALL & MEDIUM ENTERPRISES*



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# Introduction

The Yellow Pages® *Business Index – Small and Medium Enterprises* is an ongoing series of surveys tracking confidence and behaviour in Australia's small and medium enterprises (SMEs).

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

For the November edition, the *Index* has been enhanced significantly. Because of these changes, its name has been changed from the Yellow Pages® *Small Business Index* to reflect the inclusion of medium businesses within the research. Other significant changes to the *Index* include:

- expansion of the sample size from 1200 to 1800;
- broadening of the regional sample, to provide a more accurate regional 'snapshot' of SME experiences and attitudes; and
- expansion of the sectoral breakdown to include businesses within the accommodation, cafes and restaurants, communication, health, community services, cultural and recreational industries.

These enhancements to the *Index* enable a broader scrutiny of the SME market, as well as a closer understanding of trends and issues relevant to this sector. In addition, it allows a more accurate examination of the differences in attitudes and experiences between regional and metropolitan SMEs, and between small and medium enterprises. Significantly, inclusion of medium size businesses means the *Index* is now reflective of the attitudes and behaviour of approximately 99 percent of the Australian business sector.

The *Index* is an initiative of Pacific Access as part of its commitment to this vital business sector. As one of Australia's leading online search, directories and media businesses - and as producers of the Yellow Pages® and White Pages™ print, voice and online directories - Pacific Access has close links with Australia's SMEs. Over 80 percent of its more than 400,000 customers around Australia are SMEs. Pacific Access also manages the leading Internet search engine, GOeureka™, and the location and navigation brand, Whereis™.



## About the Survey

Since its inception in 1993, the *Index* has been the most comprehensive and regular survey of small businesses in Australia. Historically, the *Index* has focused specifically on businesses employing 19 people or fewer. From this edition, the Yellow Pages® *Business Index – Small and Medium Enterprises* has been expanded to cover the medium business sector, while the regional and industrial sectors have also been enhanced.

The November *Index* results are based on telephone interviews conducted with 1,800 small and medium business proprietors. The sample size is divided between 1,200 small businesses and 600 medium businesses (the latter defined as businesses employing between 20 and 199 people). As a result of this first ever inclusion of medium businesses, long-term trends can only be shown for the small business sector in this report.

Businesses interviewed for this *Index* were drawn from all metropolitan and major non-metropolitan regions within Australia. Quotas were set on geographical location and type of business, in order to produce the standard sample structure shown opposite. Where replacement businesses are recruited, this sample structure is maintained.

At the analysis stage, results were weighted by selected ANZSIC divisions within the metropolitan and non-metropolitan region of each state or territory. This ensured the sample reflected the actual small 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 latest survey was conducted over the period 18 October to 8 November 2000. The report covers experiences over the past three months (August 2000 to October 2000), and expectations for both the current quarter (November 2000 to January 2001) and the 12 months ending November 2001.

### Special Questions

In addition to the key economic indicators, this *Index* examines in detail small business proprietors' attitudes and behaviour with respect to a range of specific issues, including the Goods and Services Tax (GST), interest rates and the Sydney 2000 Olympic Games.

Location of Business			
	Total	Metro	Non-Metro
New South Wales	300	240	60
Victoria	300	240	60
Queensland	300	165	135
South Australia	225	195	30
Western Australia	225	195	30
Tasmania	150	90	60
Northern Territory	150	90	60
A.C.T	150	150	—
<b>Total</b>	<b>1800</b>	<b>1365</b>	<b>435</b>

Division	
Manufacturing	200
Building/Construction	250
Wholesale Trade	150
Retail Trade	250
Accommodation, Cafes & Restaurants	100
Transport/Storage	150
Finance and Insurance	100
Communication, Property & Business Services	300
Health and Community Services	150
Cultural, Recreational & Personal Services	150
<b>Total</b>	<b>1800</b>



# Executive Summary

The most critical finding of the November 2000 Yellow Pages® *Business Index – Small and Medium Enterprises* is a downturn in business confidence within the Australian small enterprise sector. Lack of historical data for medium enterprises means similar confidence comparisons for this sector are not possible.

Other key findings from this *Index* are included in the following three sections of this Executive Summary:

1. Historical trends for small enterprises and highlights for small and medium enterprises (SMEs);
2. Major out-takes as a result of enhancements to this *Index* (small versus medium enterprises; metropolitan versus regional; industry comparisons); and
3. Business Cycle analysis based on the findings from this *Index*.

## Small enterprise historical trends and SME highlights

- Business confidence, and perceptions of the current state and future direction of the economy all declined during the past quarter;
- Sales performance dropped sharply during the past quarter (influenced in part by the Olympics), but is expected to rebound in the current quarter;
- In order of importance, major problems confronting Australian SMEs included a lack of work, government regulations, cash flow and the general economic climate;
- The decline in small business proprietors' expectations for their own businesses reflected an anticipated decline in business activity, the impact of the Goods and Services Tax (GST) and recent depreciation of the Australian dollar;
- Key business indicators experiencing a downturn over the past quarter included sales, wages growth, capital expenditure and profitability;
- There was a marginal improvement in the Federal Government's approval rating during the October quarter;
- Of all state governments, the Northern Territory remained the most popular with the small (and medium) enterprise community;
- More SME proprietors said GST implementation had been easy than difficult (indicating GST implementation had been relatively smooth);
- The most difficult aspect of the GST was changes required to accounting and record keeping systems;
- On the whole, more SMEs believed their understanding of Business Activity Statement (BAS) obligations to be good than not;
- SME *proprietors* were cited most frequently as the people who actually completed the BAS;
- Accountants and financial advisers were the primary sources of information for completion of the BAS;
- More businesses identified the Olympics as having a negative impact on sales, rather than a positive impact. This trend was particularly noticeable among New South Wales businesses;
- However, the SME sector believed overwhelmingly the Olympics were great for the Australian economy;
- The vast majority of SMEs believed interest rates would rise over the next year; and
- The most likely impact SMEs expected from an interest rate rise was reduced company profitability.



## Small versus medium enterprises; metropolitan versus regional; industry comparisons

### Small versus medium

Major differences to emerge in the performance and expectations between small and medium businesses during the past quarter were:

- Medium businesses demonstrated a noticeably higher level of confidence in their own business prospects than small businesses;
- Sales performance during the past quarter was markedly lower within small businesses than medium businesses;
- Medium businesses demonstrated much stronger growth in overall wages than smaller businesses;
- Profits declined more significantly within small businesses than medium businesses; and
- Medium businesses were noticeably more supportive of the Federal Government's policies than small businesses.

### Metropolitan versus regional

Major differences to emerge between metropolitan and regional businesses during the previous quarter were:

- On the whole, metropolitan businesses were more optimistic about their business prospects for the next twelve months than regional businesses;
- A noticeably higher number of metropolitan businesses were seeking to grow their businesses, compared with their regional counterparts;
- Regional businesses were more pessimistic about the current state of the Australian economy than metropolitan businesses;
- In terms of key business indicators during the past quarter, metropolitan businesses recorded relatively stronger performance in wages growth and employment, while regional businesses fared better in sales, profitability and capital expenditure; and
- Metropolitan businesses were less supportive of the Federal Government's policies than regional businesses.

### Industry sector trends

Major differences to emerge during the quarter regarding industry sector trends were:

- The most optimistic industries regarding business confidence for the next twelve months as measured by the net balance of respondents were finance and insurance (65 percent), health and community services (44 percent), and cultural, recreational and personal services (43 percent);
- The most pessimistic industries as measured by the net balance of respondents were manufacturing (20 percent), wholesale trade (20 percent), and transport and storage (22 percent);
- The most confident industry for employment expectations was wholesale trade, with the least confident being transport and storage;
- With regard to recent price rises, the most significant increases occurred in the hospitality and retail sectors, while the lowest rises were recorded in finance and insurance, and health and community services;
- Retail and hospitality were the poorest performing industries in terms of profitability, with the best performing sectors being finance and insurance, and health and community services; and
- Industries most supportive of Federal Government policies were retail and communication, and property and business services. The most critical were cultural, hospitality, and recreational and personal services.



### The Business Cycle and SMEs

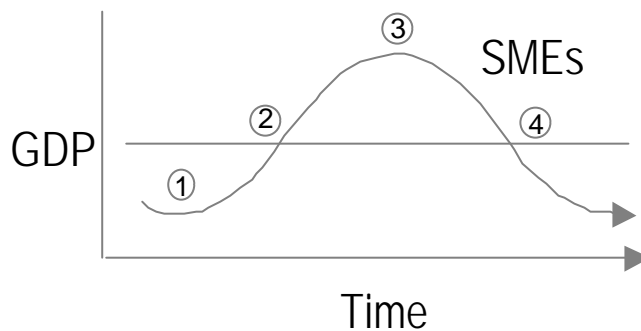
When examining the 12-month trends for a range of key business and economic indicators, it is possible to gauge the likely direction of the Australian economy. A new feature incorporated in this and all future editions of the *Index* is an analysis of the major indicators, relative to normal expectations for their performance during the course of the business cycle.

The chart below shows an assessment of each indicator’s performance relative to the state of the economy. Shaded areas highlight where each indicator sits as a result of the findings from this *Index*, relative to the normal business cycle.

Analysis of these indicators from the November *Index* suggests the economy is much closer to the definition of a “slowdown” than any other point in the business cycle. This is demonstrated best in indicators like falling business confidence, declining perceptions of the economy, weakening investment and profitability, and moderating investment expectations. It suggests the Australian economy is headed for a “harder landing”, given most of the shaded indicators are seen traditionally as elements of an economic slowdown.

The only indicators currently not reflective of a slowdown are inflation (impacted by the one-off GST effect), and employment and wages growth (which tend to hold up in the earliest stages of an economic downturn).

### The Business Cycle



1. Trough	2. Recovery	3. Peak	4. Slow Down
• Low Business Confidence	• Rising Business Confidence	• Strong Business Confidence	• <b>Falling Business Confidence</b>
• Poor Perceptions of the Economy	• Rising Perceptions of the Economy	• Strong Perceptions of the Economy	• <b>Declining Perceptions of the Economy</b>
• Weak Sales	• Improving Sales	• Strong Sales	• <b>Declining Sales</b>
• Low Investment	• Rising Investment	• High Investment	• <b>Declining Investment</b>
• Pessimistically low Investment Expectations (ie high realisation ratio)	• Investment Expectations improving but still on the low side	• Optimistically high Investment Expectations (i.e low realization ratios)	• <b>Investment Expectations weakening but still on the high side</b>
• Low selling price rises	• <b>Rising selling prices</b>	• High Selling Prices	• Selling Price Rises weakening
• Weak Profitability	• Improving Profitability	• Strong Profitability	• <b>Declining Profitability</b>
• <b>Flat Employment</b>	• Rising Employment	• Strong Employment	• Declining Employment
• <b>Low wages growth</b>	• Rising Wages Growth	• High Wages Growth	• Moderating Wages Growth

*Highlighted sections show the indicators relevant to SMEs from the Yellow Pages® Business Index – Small and Medium Enterprises, November 2000.*



# Small Business Outlook - National Summary

## CONFIDENCE IN OWN BUSINESS PROSPECTS OVER THE NEXT 12 MONTHS

Confidence among small enterprises declined over the past quarter, largely influenced by concerns over the direction of the Australian economy. While 53 percent of small business proprietors were confident about their future, 23 percent were worried about their prospects for the next 12 months, resulting in a net balance of 30 percent. This represented a noticeable 12 percent net balance decline from the previous quarter, when a net balance of 42 percent was recorded.

Within the various confidence categories, the biggest change was the downgrading of business confidence from “fairly confident” about future prospects, to the more pessimistic categories of “neutral” or “fairly worried”.

The decline in small business prospects matched a similar decline in expectations for the Australian economy. Major economic concerns for the next 12 months included an expected decline in business activity, the impact of the Goods and Services Tax (GST), and direction of the Australian dollar. The November result was the second lowest level for small business since the Yellow Pages® *Small Business Index* began in 1993, with the lowest result occurring in May this year.

There was a consistent picture across three of the most crucial economic indicators contained within this issue of the *Index* - a decline in perceptions of medium-term business prospects, and in the current state and future direction of the economy. This picture suggests the projected slowdown of the Australian economy is more likely to be a “harder landing”.

Medium businesses were markedly more confident about their business prospects than small businesses. This was reflected in the 54 percent net balance of medium businesses confident about their future business prospects, compared with only 30 percent of small businesses.

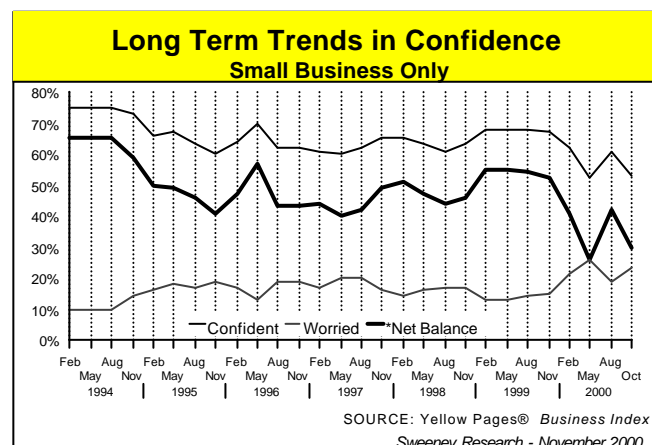
Overall Confidence			
November 2000			
	Small Business (up to 19 employees)	Medium Business (20-99 employees)	Total Small and Medium
Extremely Confident	10%	8%	10%
Fairly Confident	43%	55%	44%
Neutral	24%	23%	24%
Fairly Worried	19%	12%	18%
Extremely Worried	4%	2%	4%
Total Confident	53%	65%	54%
Total Worried	23%	11%	23%
<b>*NET BALANCE</b>	<b>+30%</b>	<b>+54%</b>	<b>+31%</b>

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

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000

Confidence Trends - Past Three Quarters						
	Small Business Only					Small & Medium
	Nov 99	Feb 00	May 00	Aug 00	Nov 00	Nov 00
Extremely Confident	15%	13%	9%	10%	10%	10%
Fairly Confident	52%	50%	42%	51%	43%	44%
Neutral	18%	17%	22%	20%	24%	24%
Fairly Worried	12%	17%	21%	15%	19%	18%
Extremely Worried	3%	4%	5%	4%	4%	4%
Total Confident	67%	62%	52%	61%	53%	54%
Total Worried	15%	21%	26%	19%	23%	23%
<b>*NET BALANCE</b>	<b>+52%</b>	<b>+41%</b>	<b>+26%</b>	<b>+42%</b>	<b>+30%</b>	<b>+31%</b>

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000



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



## CONFIDENCE BY STATE AND SECTOR

Across the states and territories, confidence levels for small business over the next 12 months were again highest in South Australia (a net balance of 41 percent), representing the second consecutive quarter where South Australia ranked highest of all the states and territories. The worst performing states were Queensland (22 percent net balance) and Western Australia (23 percent net balance).

The two states that recorded the most significant declines in small business confidence levels during the past quarter were Queensland - declining from 43 percent to 22 percent (a fall of 21 percentage points), and Western Australia - declining from 45 percent to 23 percent (a fall of 22 percentage points).

SME confidence levels in metropolitan Australia were 32 percent compared with 26 percent for regional Australia, giving metropolitan regions a six percentage points' advantage in terms of projected business confidence levels over the next 12 months.

On an industry basis, by far the most confident sectors among SMEs were finance and insurance (65 percent), followed by health and community services (44 percent). The least confident sectors were retail (16 percent), manufacturing (20 percent) and wholesale (20 percent).

Trends By State						
*Net Balance						
	Small Business Only					Small & Medium
	Nov 99	Feb 00	May 00	Aug 00	Nov 00	Nov 00
National	52%	41%	26%	42%	30%	31%
New South Wales	57%	46%	30%	44%	34%	35%
Victoria	45%	48%	20%	34%	30%	32%
Queensland	43%	22%	15%	43%	22%	22%
South Australia	63%	55%	35%	57%	41%	39%
Western Australia	56%	42%	30%	45%	23%	23%
Tasmania	43%	35%	35%	32%	31%	33%
Northern Territory	59%	49%	44%	35%	25%	26%
A.C.T	63%	54%	44%	48%	37%	37%

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000

Confidence By Sector			
*Net Balance - SMEs			
	Confident	Worried	Net Balance
Manufacturing	48%	28%	20%
Building/Construction	54%	24%	30%
Wholesale Trade	47%	27%	20%
Retail Trade	48%	32%	16%
Transport/Storage	46%	24%	22%
Communication, Property & Business	57%	18%	39%
Finance and Insurance	71%	6%	65%
Health and Community Services	57%	13%	44%
Cultural, Recreational & Personal	62%	19%	43%
Accommodation, Cafes & Restaurants	52%	16%	36%

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000

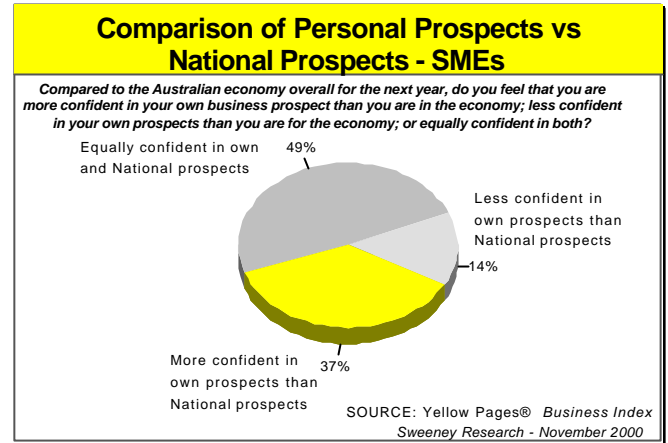
\*Net balance is defined as the difference between the percentage who are confident and the percentage who are worried.



## COMPARISON OF PERSONAL PROSPECTS VS THE ECONOMY

SMEs demonstrated noticeably higher confidence in their own business prospects for the next 12 months relative to the national economy. Thirty seven percent of SMEs were more confident in their own business prospects relative to the overall economy, while only 14 percent were less confident. The net result of 23 percent indicates Australia's SMEs believed they would perform relatively well compared with larger businesses over the next 12 months. The most frequently stated reason for this outcome was SMEs having control over their own businesses.

The most confident industry sectors relative to the economy were wholesale (37 percent), health and community services (29 percent), and cultural and recreational services (29 percent). The least confident industries were the hospitality (five percent), retail (13 percent), and finance and insurance (14 percent). The only other significant difference across the business landscape was relatively higher confidence in firms with employee numbers between 10 and 19, compared to smaller businesses.



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



## PERCEPTIONS OF THE ECONOMY

Over one-third (35 percent) of SMEs believed the Australian economy to be in a period of slowdown. This is considerably higher than the 24 percent that believed Australia to be in a period of economic growth.

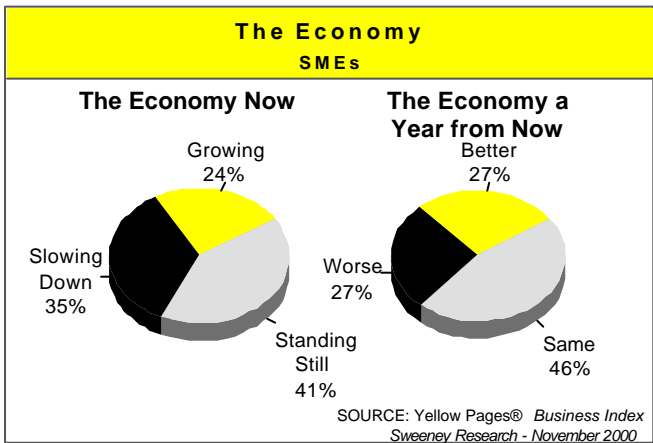
Small businesses were more pessimistic about the current state of the Australian economy than medium businesses, with a net balance of 11 percent believing the economy to be in a period of slowdown, compared with the three percent net balance for medium businesses.

However, the small business result needs to be interpreted carefully when making historical comparisons, since the wording for this question changed in the November *Index* from 'economic recession' to 'economic slowdown'.

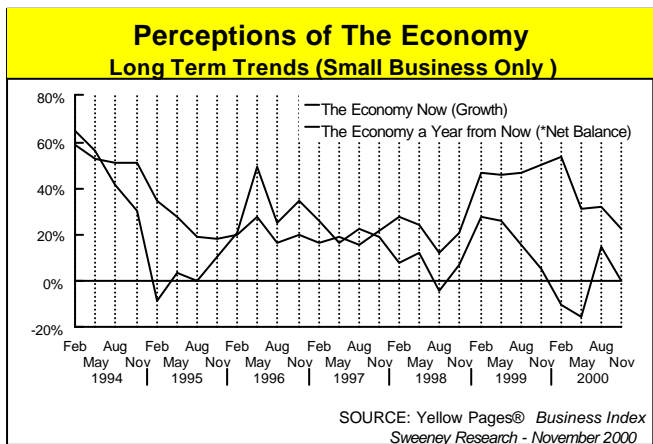
Since the February 2000 *Index*, however, there has been a large decline in the proportion of small businesses believing the Australian economy to be in a growth phase. The situation is the same for their perceptions of the economy a year from now, with the net balance falling from 15 percent in the previous quarter to the current result of zero net balance.

SME proprietors in Victoria, Western Australia and the Northern Territory were the most negative about the current state of the economy. This negative sentiment was carried into future expectations of the economy by Victorian businesses, in particular.

Small businesses located in metropolitan regions were more confident about the future direction of the economy than their regional counterparts.



Perceptions of the Economy - Trends						
	Small Business Only				Small & Medium	
	Nov 99	Feb 00	May 00	Aug 00	Nov 00	Nov 00
<i>The Economy Now</i>						
Growth	50%	54%	31%	32%	23%	24%
**Recession/slowing	4%	7%	12%	9%	35%	35%
<b>*Net Balance</b>	<b>46%</b>	<b>47%</b>	<b>19%</b>	<b>23%</b>	<b>-12%</b>	<b>-11%</b>
<i>The Economy a Year From Now</i>						
Better	28%	23%	22%	36%	27%	27%
Worse	23%	33%	37%	21%	27%	27%
<b>*Net Balance</b>	<b>5%</b>	<b>-10%</b>	<b>-15%</b>	<b>15%</b>	<b>0%</b>	<b>0%</b>
**Note: Wording changed from "recession" to "slowing down" in October 2000						
SOURCE: Yellow Pages® Business Index Sweeney Research - November 2000						



Perceptions of the Economy by State SMEs								
	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
<i>The Economy Now</i>								
Growth	30%	20%	18%	27%	18%	25%	19%	24%
Slowing	32%	43%	35%	22%	37%	20%	38%	35%
<b>*Net Balance</b>	<b>-2%</b>	<b>-23%</b>	<b>-17%</b>	<b>5%</b>	<b>-19%</b>	<b>5%</b>	<b>-19%</b>	<b>-11%</b>
<i>The Economy a Year From Now</i>								
Better	30%	18%	35%	33%	28%	30%	26%	23%
Worse	23%	36%	22%	22%	29%	24%	23%	32%
<b>*Net Balance</b>	<b>7%</b>	<b>-18%</b>	<b>13%</b>	<b>11%</b>	<b>-1%</b>	<b>6%</b>	<b>3%</b>	<b>-9%</b>
SOURCE: Yellow Pages® Business Index Sweeney Research - November 2000								

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



## EXPECTATIONS ON KEY INDICATORS OVER THE NEXT 12 MONTHS

Proprietors were asked about their expectations on a series of key business indicators over the next 12 months. For key indicators of business activity like sales and profitability, the percentage of businesses expecting an increase outweighed those expecting a decline. Compared to the previous quarter's results, small business sales recorded the same level of confidence, while profits were marginally down.

There was an expectation of increasing price levels, with a net balance of 48 percent of small businesses expecting prices to rise - up from the 45 percent result recorded in the previous quarter. The greatest margin in confidence levels between the metropolitan and regional results arose in employment levels, with metropolitan at a net balance of 17 percent compared to five percent for the regions.

The future direction of business indicators highlighted significantly higher levels of confidence among medium businesses compared with small businesses. Medium businesses were far more confident about sales, employment, growth in total wages, profits and, capital expenditure in particular. Medium businesses also anticipated faster growth in selling prices.

Expectations On Key Indicators Over The Next 12 Months - SMEs			
	Expect An Increase	Expect A Decrease	*Net Balance
Value of sales	53%	18%	35%
Size of workforce	19%	5%	14%
Wages bill	35%	8%	27%
Prices charged	52%	3%	49%
Profitability	48%	21%	27%
Capital expenditure	30%	25%	5%

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000

Expectations On Key Indicators Trends in *Net Balance						
	Small Business Only					Small & Medium
	Nov 99	Feb 00	May 00	Aug 00	Nov 00	Nov 00
Value of sales	42%	37%	22%	34%	34%	35%
Size of workforce	18%	14%	11%	13%	13%	14%
Wages bill	31%	29%	27%	26%	25%	27%
Prices charged	53%	64%	61%	45%	49%	49%
Profitability	37%	22%	14%	28%	26%	27%
Capital expenditure	15%	16%	9%	3%	4%	5%

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000

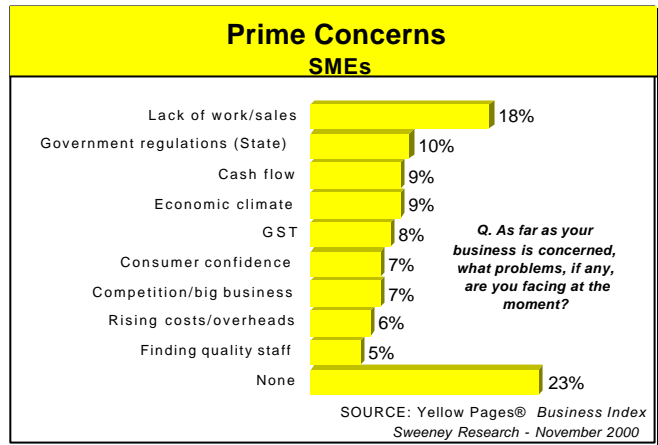
*\*Net balance is defined as the difference between the percentage with a positive outlook and the percentage outlook with a negative.*



## CONCERNS

For the second consecutive quarter, lack of work and sales represented the number one concern of small businesses across Australia, including all states and territories, metropolitan and regional areas, and virtually all industry sectors. In the May 2000 *Index*, GST was identified as the number one concern of small businesses. However, it has now dropped away to only the fifth most significant concern. Other key concerns included state government regulations, cash flow and the general economic climate.

Concerns expressed by medium businesses were similar to small businesses, with small more likely to nominate lack of work as an issue, and medium more likely to nominate competition and imports.



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

**SALES**

Small business sales performance over the past three months (August - October) fell dramatically by a negative 20 percent net balance. This was the lowest sales' experience recorded since the *Index* commenced in 1993. Compared to the previous August quarter, the number of respondents experiencing an increase in sales fell from 39 percent to 26 percent, while those recording a decrease in sales increased from 33 percent to 46 percent. A net balance of 20 percent of businesses said the Olympics had a negative effect on their sales during the past quarter.

Of all the states and territories, the most significant decline in small business sales performance was recorded in Queensland, with a net balance of 35 percent. In terms of industry performance, the most significant falls were in the hospitality and retail sectors.

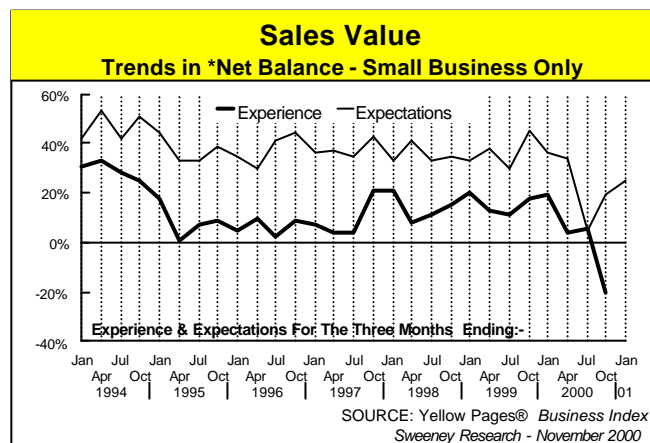
While small business sales fell dramatically during the October quarter, this is not expected to continue into the current quarter (November - January), where sales are expected to rebound by a positive net balance of 25 percent. This may be attributable to the fact the recent downturn in sales was influenced by one-off factors like the Olympics.

The expected recovery represents the second consecutive quarter that small businesses have increased their expectations for sales in the forthcoming quarter. Of concern, however, is whether these expectations will end up falling well short of reality, as they did for the last quarter.

A net balance of -20 percent of small businesses were more likely to identify a decline in sales than medium businesses (net balance of negative seven percent). However, they recorded similar results for expectations of a rebound in sales for the current quarter.

Value of Sales			
	Small Business	Medium Business	Total
<i>Last Quarter</i>			
Experienced Increase	26%	31%	26%
No Change	28%	39%	28%
Experienced Decrease	46%	38%	45%
<b>*Net Balance</b>	<b>-20%</b>	<b>-7%</b>	<b>-19%</b>
<i>Current Quarter</i>			
Expect Increase	44%	38%	44%
No Change	36%	40%	36%
Expect Decrease	19%	20%	19%
<b>*Net Balance</b>	<b>25%</b>	<b>18%</b>	<b>25%</b>

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000



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

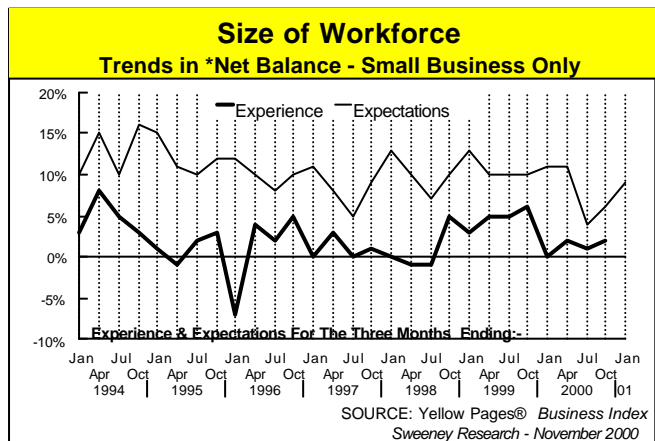


EMPLOYMENT

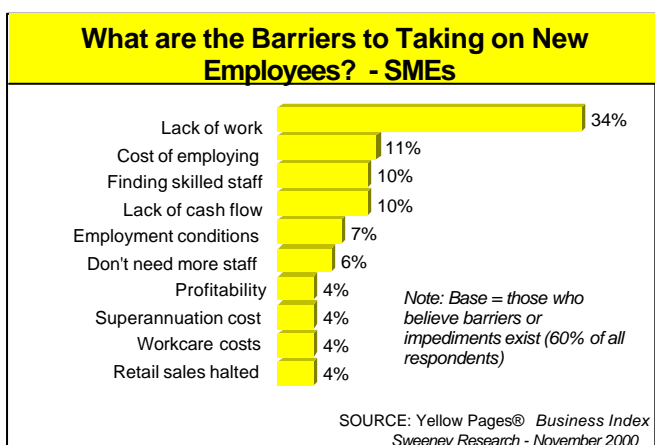
Size of Workforce			
	Small Business	Medium Business	Total
<b>Last Quarter</b>			
Experienced Increase	9%	14%	10%
No Change	84%	75%	84%
Experienced Decrease	7%	10%	7%
<b>*Net Balance</b>	<b>2%</b>	<b>4%</b>	<b>3%</b>
<b>Current Quarter</b>			
Expect Increase	13%	21%	13%
No Change	83%	64%	82%
Expect Decrease	4%	14%	4%
<b>*Net Balance</b>	<b>9%</b>	<b>7%</b>	<b>9%</b>

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000

Employment recorded minor growth during the past quarter, with more small businesses experiencing an increase in employment (nine percent), compared with the proportion of businesses recording a decline (seven percent). The most positive employment trends occurred in Tasmania and Victoria, while noticeable declines were recorded in the Northern Territory and the Australian Capital Territory (ACT). On an industry basis, the best performing sector was finance and insurance (up 18 percent), while the worst result occurred in wholesale (down four percent).



Expectations for small business employment during the current quarter were quite buoyant, with a nine percent net balance of small businesses expecting a rise for the second consecutive quarter. The most confident states for the current quarter were South Australia and New South Wales, with the least confident being Queensland and the Northern Territory. On an industry basis, wholesale was the most optimistic sector, representing a major rebound from the October quarter result. Transport and storage was the least confident industry.



When asked whether there were any particular impediments preventing small businesses from taking on additional employees, 60 percent said yes and 34 percent cited lack of work as the most significant barrier. The next most important reasons were cost of labour, finding suitable staff and lack of cash flow.

There were comparable trends in employment for small and medium businesses during the previous quarter. However, there was an expectation of stronger performance within medium businesses for the current quarter.

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



**WAGES BILL**

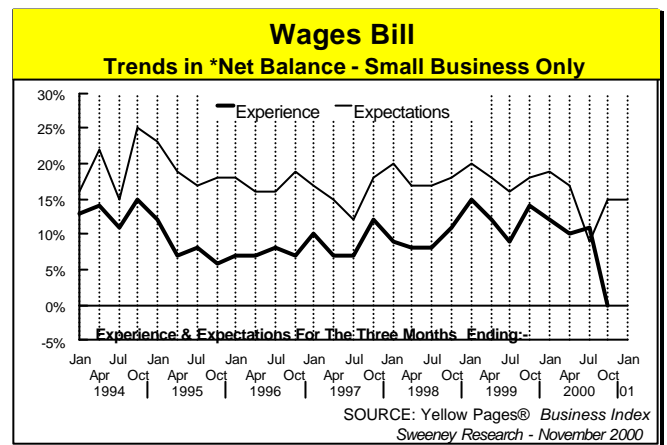
Wages growth slowed markedly during the past quarter. The same number of small businesses recorded an increase as recorded a decline in their wages and salary costs. This zero net balance represented a noticeable fall from the positive net balance of 11 percent recorded in the August *Index*. The decline in the November quarter wages bill mirrored closely the trend in sales for the quarter.

The previous quarter's negative sentiment was not expected to continue into the current quarter, with a positive 15 percent net balance of small businesses expecting an increase in their wages bill. This was being driven largely by expectations of higher employment levels.

Medium businesses recorded significantly higher wages growth than small businesses during the previous quarter. This positive disparity in favour of medium businesses was expected to continue into the current quarter.

Wages Bill			
	Small Business	Medium Business	Total
<i>Last Quarter</i>			
Experienced Increase	18%	48%	20%
No Change	58%	39%	57%
Experienced Decrease	18%	12%	18%
<b>*Net Balance</b>	<b>0%</b>	<b>36%</b>	<b>2%</b>
<i>Current Quarter</i>			
Expect Increase	23%	30%	24%
No Change	66%	57%	65%
Expect Decrease	8%	12%	8%
<b>*Net Balance</b>	<b>15%</b>	<b>18%</b>	<b>16%</b>

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000



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



## PRICES

There has been a clear rise in the proportion of small businesses increasing their prices over the past two quarters, most likely reflecting the impact of GST. For the August - October period, a net 32 percent of small businesses increased their prices, following on from a 40 percent net balance result in the previous quarter (May - July).

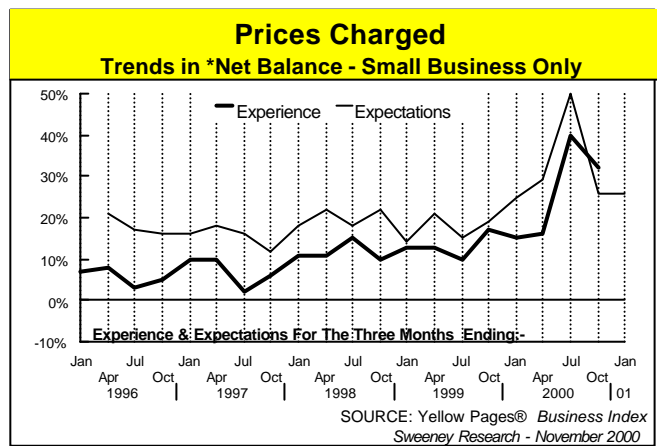
A breakdown of industry results shows the most significant price rises were in hospitality and retail. Industries with the lowest rises were finance and insurance, and health and community services.

Expectations for the current quarter are identical to the previous quarter, with a net balance of 26 percent of small businesses predicting an increase. Industry sectors with the greatest expectations for price rises are wholesale, retail, and transport and storage. Industries with the lowest expectations for price rises are finance and insurance, communication, hospitality, and property and business services.

A marginally higher percentage of small businesses recorded increases in selling prices relative to medium businesses during the previous quarter. The current quarter is likely to be characterised by comparable price rises between the two sets of businesses.

Prices Charged			
	Small Business	Medium Business	Total
<i>Last Quarter</i>			
Experienced Increase	38%	36%	38%
No Change	56%	58%	56%
Experienced Decrease	6%	6%	6%
<b>*Net Balance</b>	<b>32%</b>	<b>30%</b>	<b>32%</b>
<i>Current Quarter</i>			
Expect Increase	28%	27%	28%
No Change	70%	68%	69%
Expect Decrease	2%	5%	2%
<b>*Net Balance</b>	<b>26%</b>	<b>22%</b>	<b>26%</b>

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000



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



**CAPITAL EXPENDITURE**

Capital expenditure in the previous quarter experienced a negative seven percent net balance decline in activity. 27 percent of small businesses recorded a decline in capital expenditure, compared with 20 percent experiencing a rise. This was a reversal of the previous quarter when a positive net balance of seven percent was recorded. Since current business investment is seen as an indicator of future economic activity, this points to the possibility of a more marked economic slowdown in the year ahead.

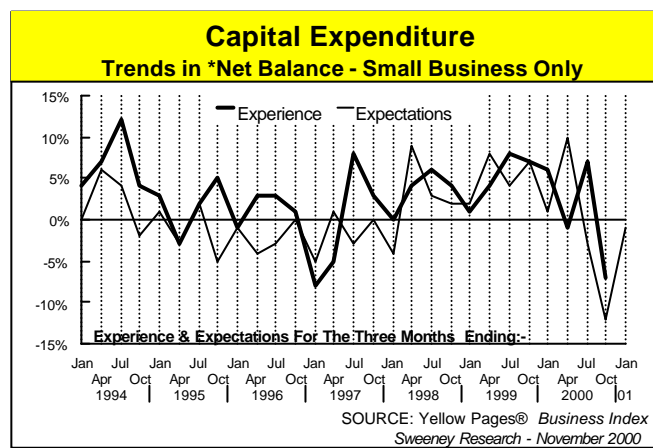
Regions and industries recording the most significant declines were the Northern Territory, and construction and retail. It is likely the decline in the construction sector is a reflection of generally agreed weak business activity levels projected for the forthcoming year.

While capital expenditure fell considerably in the previous quarter, the expected net balance of negative one percent for the current quarter is not quite as bad and is a definite improvement on the previous quarter's projected expectations of a net balance of -12 percent. The most positive small business industry sector in terms of capital expenditure expectations was cultural and recreational services, while the most pessimistic were hospitality, and finance and insurance.

Small business recorded a greater decline (negative seven percent net balance) in capital expenditure during the previous quarter, compared with the negative two percent outcome for medium businesses. However, the expectation was for a reversal of that trend this quarter, with a higher percentage of medium businesses expecting a decline in capital expenditure.

Capital Expenditure			
	Small Business	Medium Business	Total
<i>Last Quarter</i>			
Experienced Increase	20%	32%	21%
No Change	47%	31%	46%
Experienced Decrease	27%	34%	27%
<b>*Net Balance</b>	<b>-7%</b>	<b>-2%</b>	<b>-6%</b>
<i>Current Quarter</i>			
Expect Increase	21%	24%	21%
No Change	51%	41%	50%
Expect Decrease	22%	32%	23%
<b>*Net Balance</b>	<b>-1%</b>	<b>-8%</b>	<b>-2%</b>

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000



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



**PROFITABILITY**

A significant 47 percent of small businesses reported a decrease in profitability during the previous quarter, compared with only 22 percent recording an increase. The net balance of -25 percent was a substantial decline compared with the negative two percent recorded in the previous May - July quarter. It would appear this was influenced by the revenue side of business, in line with weak sales performance during the quarter.

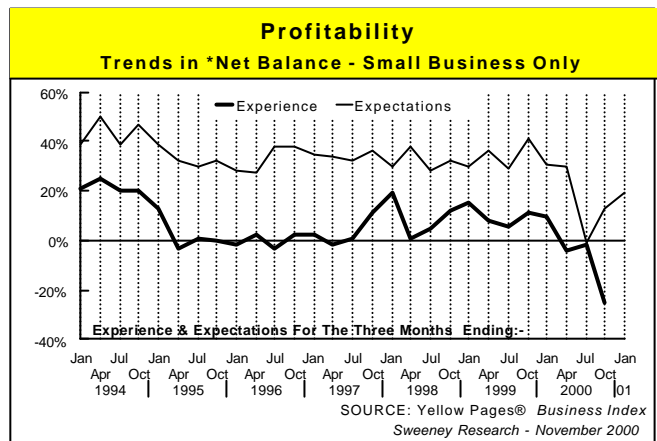
The retail and hospitality sectors recorded the worst profit performance, with the better performing industries being finance and insurance, and health and community services.

Small business proprietors believed the downturn in profits to be an aberration, since projections for the current quarter were markedly positive. A healthy 19 percent net balance expect profits to increase in the current quarter, with 40 percent expecting an increase and 21 percent expecting a decline. This confidence is most evident in the health and community services sectors.

Small businesses experienced a far more significant deterioration in profit performance than medium businesses during the past quarter. However, both sectors expected a comparable improvement in profits during the current quarter.

Profitability			
	Small Business	Medium Business	Total
<i>Last Quarter</i>			
Experienced Increase	22%	29%	22%
No Change	30%	26%	30%
Experienced Decrease	47%	42%	46%
<b>*Net Balance</b>	<b>-25%</b>	<b>-13%</b>	<b>-24%</b>
<i>Current Quarter</i>			
Expect Increase	40%	36%	40%
No Change	38%	40%	38%
Expect Decrease	21%	22%	21%
<b>*Net Balance</b>	<b>19%</b>	<b>14%</b>	<b>19%</b>

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000



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



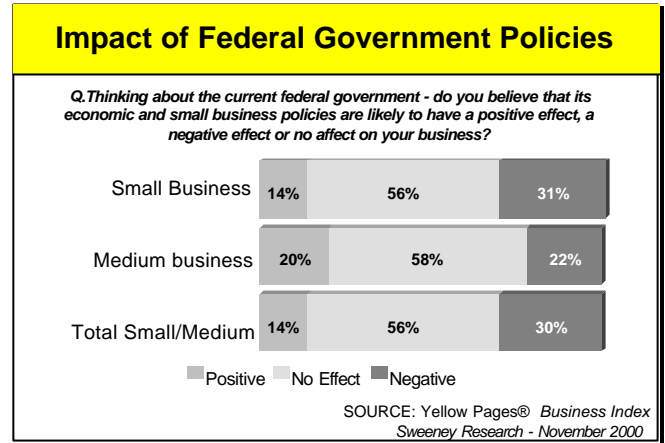
**ASSESSMENT OF FEDERAL GOVERNMENT POLICIES**

The number of small business proprietors who believed the Federal Government's policies supported small business increased slightly during the past quarter. On the specific issue of the impact of Federal Government policies on small business, there was a 3 percentage points improvement over the past quarter. This represents the second consecutive quarterly improvement in attitudes to the Federal Government.

Key factors behind this improvement, as identified by small business, ranged in order of importance from the GST and broader tax reform, to assisting economic growth, and a general view the Government is now more supportive and interested in small business.

Key reasons small businesses were critical of the Federal Government included GST compliance costs, lack of small business incentives and recent rises in fuel costs.

It is worthwhile noting that medium businesses were far more supportive of the Federal Government than small businesses, with a -17 percent net balance of small businesses believing Federal policies assisted them, compared with a small positive net balance of two percent for medium businesses.

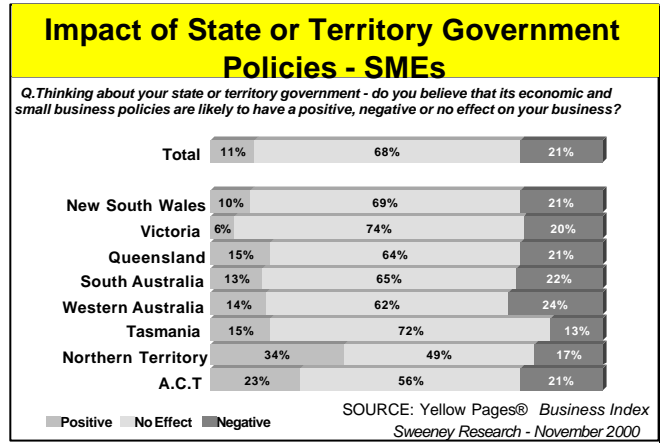


## ASSESSMENT OF STATE GOVERNMENT POLICIES

Businesses in the Northern Territory remained the most positive about their Government's policies with respect to small business, with the next most favourable response shared between Tasmania and the ACT. The biggest improvers over the past quarter were Tasmania (a net balance increase of 21 percentage points) and Queensland (a net balance increase of 12 percentage points).

In the Northern Territory and Tasmania, the overwhelming reason behind this support was a view both governments were supportive and interested in small business. In Queensland, the predominant factor was the Government's ability to generate new jobs.

The most negative small business attitudes towards state and territory governments were split equally between New South Wales and Victoria. The most negative attitudes expressed by SMEs regarding the impact of state and territory governments on their own business, were aimed at the Victorian and New South Wales governments. In Victoria, the most significant individual factor cited for negative attitudes towards the Victorian State Government was increased workers' compensation costs. In New South Wales, there was a view the State Government did not understand the needs of small business.



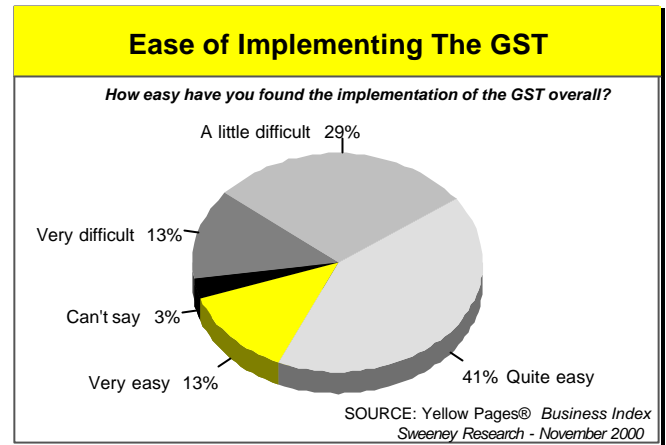
## THE GST AND THE NEW TAX SYSTEM

Support for introduction of the GST identified in the August *Index* continued into small business perceptions in the November *Index*, albeit at a reduced rate. In the August *Index*, a 34 percent net balance of businesses indicated their support for GST, compared to the 13 percent net balance in support of its ease of implementation during the last quarter.

During the August-September quarter, SMEs were generally supportive when asked about the overall ease of GST implementation. Fifty four percent of SMEs said GST implementation had been very easy or quite easy, compared with 42 percent who thought it had been very difficult or a little difficult. The 12 percent net balance in support of its ease indicated a relatively smooth GST implementation for the Federal Government.

Key reasons cited for a difficult implementation included the time required, the amount of paperwork and complexity. Interestingly, a significantly higher proportion of regional businesses (28 percent) found GST implementation to be relatively easy compared with metropolitan businesses (seven percent).

Perhaps surprising was the fact larger businesses with employees numbering between 100 and 199 employees found the GST most difficult to implement, while smaller businesses with only one employee ranked second in terms of ease of implementation.



**Ease of Implementing The GST  
by Business Size**

	Number of Employees					
	1-2	3-4	5-9	10-19	20-99	100-199
Very easy	14%	13%	8%	23%	11%	5%
Quite easy	40%	40%	48%	38%	36%	44%
A little difficult	28%	30%	29%	35%	41%	46%
Very difficult	13%	17%	13%	4%	11%	5%
Can't say	4%	0%	2%	0%	1%	0%
<b>Total Easy</b>	<b>55%</b>	<b>53%</b>	<b>56%</b>	<b>61%</b>	<b>47%</b>	<b>49%</b>
<b>Total difficult</b>	<b>41%</b>	<b>47%</b>	<b>42%</b>	<b>39%</b>	<b>52%</b>	<b>51%</b>

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000



SME proprietors were asked a range of specific questions regarding GST implementation.

Ease of Handling Aspects of the GST					
	Very easy	Quite easy	A little difficult	Very difficult	Can't say
Setting your post GST price levels	29%	39%	20%	7%	5%
Communicating changes to customers	32%	43%	14%	6%	5%
Complying with ACCC pricing guidelines	34%	37%	8%	5%	16%
Training staff	24%	27%	15%	7%	27%
Changing accounting or record keeping systems	12%	24%	34%	26%	5%
Accounting for wholesale sales tax already paid on inventories	10%	18%	10%	7%	55%

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000

- **Setting post-GST price levels** - 68 percent said this was easy, resulting in a 41 percent net balance who indicated the setting of prices was easy compared with those who believed it was difficult;
- **Communicating GST-related changes to customers** - a significant 75 percent of businesses believed this aspect of the new tax system was easy, compared with 20 percent that cited it as difficult. Hence, a 55 percent net balance of businesses found this task easy;
- **Compliance with Australian Competition and Consumer Commission (ACCC) pricing guidelines** - 71 percent of businesses thought this was easy, and only 13 percent indicated it was difficult (the lowest response for problems associated with the new tax system);
- **Training of staff to deal with GST implementation** - just over half of all businesses (51 percent) stated training was easy and 22 percent thought it was difficult. The resulting 29 percent net balance response suggests SMEs found this task relatively easy;
- **Changing accounting or record keeping systems** - some 60 percent of SMEs stated this task was a little or very difficult (the most negative response to the various aspects of GST implementation). Only 36 percent of businesses thought this was easy, giving an overall net response rate of -24 percent (the only aspect of GST that SMEs believed to be more difficult than easy);

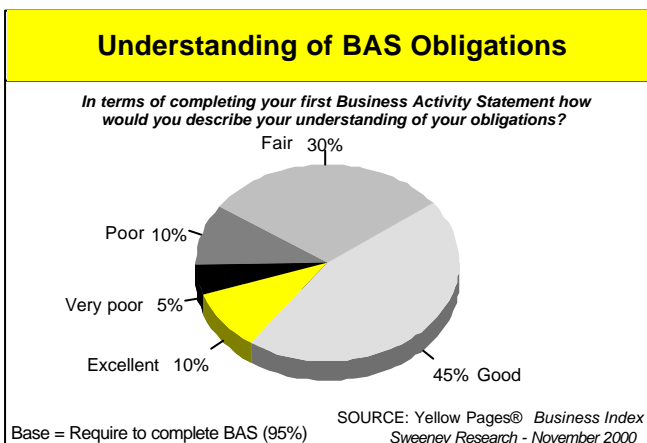
- **Dealing with wholesale sales tax already paid on inventories** - on the whole, more businesses found this was easy than difficult, with a positive net balance response rate of 11 percent of all SMEs.

Contrasting small and medium business sector trends, small businesses found the implementation of the GST to be relatively easier on the whole than medium businesses. Aspects of the GST implementation process that small business found comparatively easy included communicating changes to customers and complying with ACCC pricing guidelines. Changing accounting and record keeping systems was seen by the small business sector to be generally difficult, but not as difficult as perceived by the medium business sector. Medium businesses believed training of staff and accounting for wholesale sales tax paid on inventories to be easier than the small business sector.

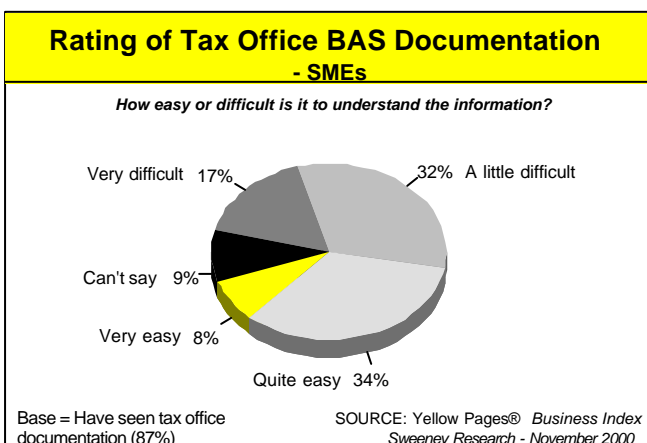


Some 95 percent of SMEs said that they were required to complete a Business Activity Statement - 4 percent said that they were not required to do so and 1 percent did not know. Those who said they were not required to complete a BAS were invariably very small businesses.

In terms of understanding their obligations to complete their first BAS, a 55 percent majority believed they had a good or excellent understanding, 30 percent fair, and 15 percent poor or very poor. Manufacturing was the best response rate by industry sector, with 66 percent believing their understanding to be good or excellent. Surprisingly, understanding of BAS obligations among SMEs actively seeking expansion was lower than for those not planning to grow.



Eighty seven percent of SMEs had seen documentation provided by the Australian Tax Office (ATO) relating to the BAS and only 11 percent had not. One percent said they did not know. More businesses (49 percent) thought the documentation was difficult to understand than easy (42 percent).



SMEs were asked to nominate the key person in their business responsible for completing their BAS. Just under half of all businesses (48 percent) stated the proprietor was responsible, followed by the external accountant at 23 percent and the internal accountant at 11 percent. In both cases, businesses with one employee relied most heavily on the proprietor or the external accountant. Businesses employing between 20 and 99 employees relied more heavily on internal accountants.

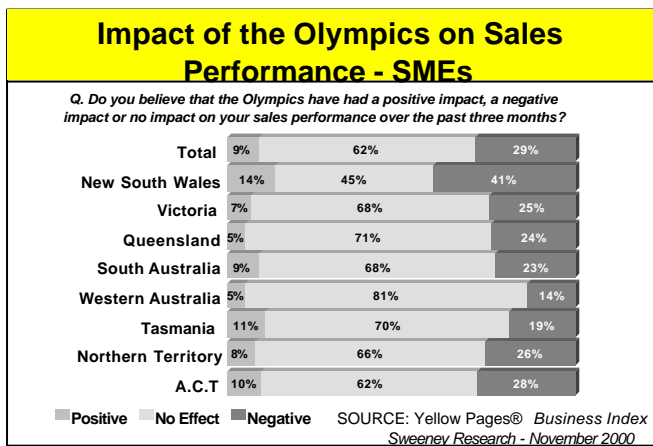
More than one-third of SMEs (38 percent) used an accountant or financial adviser as their primary source of information when completing the BAS. The next most worthwhile source of information was material provided by the ATO (30 percent of all businesses) and the third most frequent (11 percent) was the Government's BAS training seminars. Medium-sized businesses relied most on material provided by the ATO and, interestingly, larger businesses relied more on BAS training seminars than smaller businesses.

A higher percentage of medium businesses was aware of the BAS than small businesses. The medium business sector reported a much higher understanding of their obligations in respect of BAS and the small business sector had a significantly greater exposure to BAS documentation released by the ATO. Medium businesses believed ATO materials were more easily understood than small businesses. The small business sector was more likely to nominate the proprietor as the key person responsible for completing the BAS, whereas medium businesses were more likely to nominate the internal accountant.



## THE SYDNEY 2000 OLYMPIC GAMES

Regarding the impact of the Olympics on SME sales' performance, (29 percent) more believed it to be negative than positive (nine percent), giving a negative net balance of -20 percent. Of all the states and territories, the most negative response occurred in the Olympics host state, with New South Wales recording a negative net balance of -27 percent.

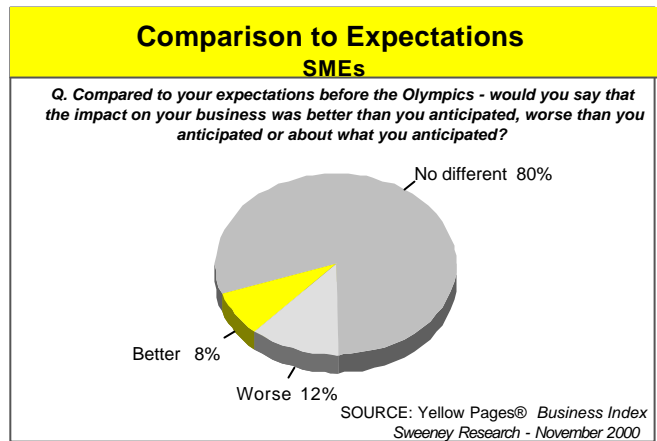


Metropolitan businesses were far more likely to identify the Olympics as having a negative impact on sales than regional businesses.

Between 11 and 20 percent was the most frequent range SMEs cited for adverse impact on sales performance as a result of the Olympics. The most frequent range for businesses stating a positive impact on sales was 1 to 5 percent.

The most frequent explanation (23 percent) cited for the negative impact of the Olympics on sales performance was that "everything went on hold" during that time. The next most frequent responses were "people just stayed home" (22 percent), "everyone went to the Olympics" (21 percent) and "a general decline in business occurred during and after the event" (19 percent). For SMEs whose sales performance was impacted positively by the Olympics, the most frequently cited reason was the provision of labour or products to the event (39 percent). The next most frequent responses were "the Olympics generated more sales" (18 percent) and "the positive attitude people got from the Games" (18 percent).

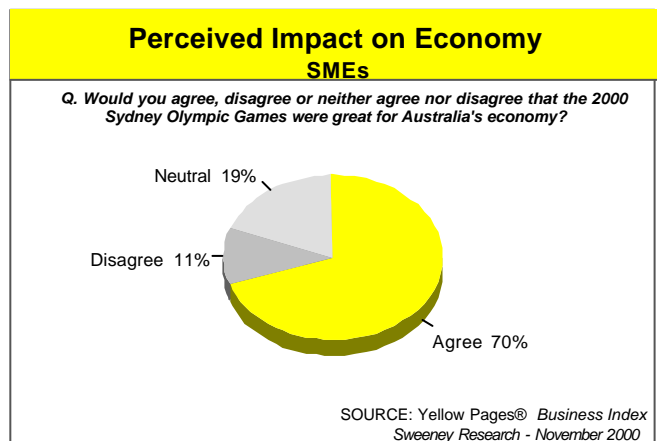
Comparing prior expectations of the Olympics' impact on SMEs with the actual reality post-Games, the view was marginally negative. Twelve percent of SMEs thought the impact was worse than expected, compared with eight percent who thought it was better than expected.



On the whole, there was an overwhelmingly strong view (70 percent) that the Olympics were great for the Australian economy, with only 11 percent of SMEs believing they were not.

Comparing trends between the small and medium business sectors, small businesses were more likely to nominate the Olympics as having a negative impact on their sales during the quarter. Also, more medium businesses believed the Olympics had a positive impact on the economy relative to small businesses.

The most memorable Games highlights identified by SMEs were the opening ceremony (41 percent), Cathy Freeman's 400-metre race (nine percent), the 4x100 metre freestyle swimming relay team (seven percent) and the closing ceremony (six percent).



## INTEREST RATES

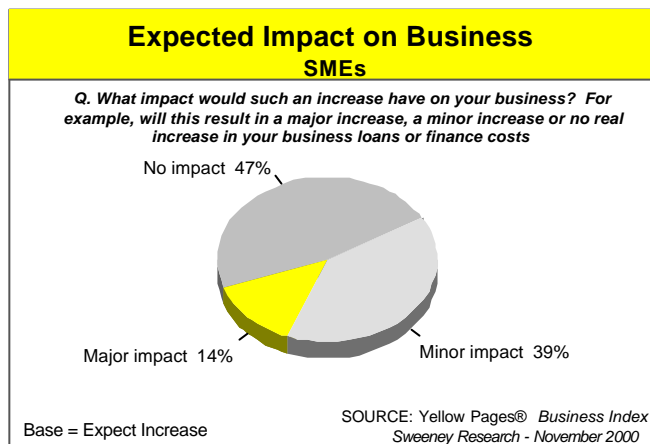
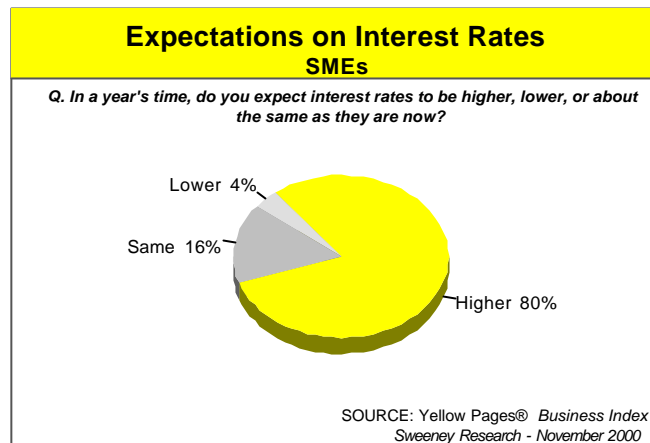
In response to questioning about the likely direction for interest rates, a majority of SMEs (80 percent) believed they would be higher in a year's time. Only four percent thought they would decline and 16 percent that they would remain around today's level. Small businesses were more likely to believe interest rates would be higher (80 percent) than medium businesses (67 percent).

Between 0.6 and 1 percent was the most cited (35 percent) response for expectations about the likely magnitude of interest rate rises, followed by 1.1-2 percent (33 percent) and up to 0.5 percent (18 percent).

Of those SMEs who believed interest rates would rise, just under half (47 percent) said this would have no real impact on their business and around two-fifths (39 percent) that it would have only a minor impact. Only 14 percent thought interest rate rises would have a major impact, with the three sectors most concerned being (in order) transport and storage, hospitality, and health and community services.

Interest rates rises were expected to have the most likely negative effect on company profits, with 93 percent of all businesses indicating profitability would definitely or probably reduce. The next most likely effect would be to constrain further borrowing, followed by an expected reduction in capital expenditure. SMEs said the least likely effect would be for them to increase selling prices as a result of increasing interest rates.

Small businesses were more likely to believe interest rates would be higher (80 percent), compared with medium businesses (67 percent). In terms of the magnitude of the increase in interest rates, small business were more likely to nominate higher increases than medium businesses, and a higher percentage of small businesses said interest rate rises would have an impact on their business. Small business also stated that increased interest rates would constrain their business expansion plans and further borrowing, and reduce expenditure on marketing activities. Medium businesses thought higher interest rates would be likely to reduce their ability to employ more staff and increase their selling prices.



**Likely Impact of Increased Rates on Business**  
SMEs

Would you expect to...	Definitely	Probably	Possibly	Probably Not
Reduce your expenditure on capital equipment	62%	9%	3%	25%
Constrain further borrowings	62%	14%	6%	18%
Constrain your plans to expand the business	53%	9%	13%	24%
Reduce your profitability	78%	15%	1%	6%
Increase your selling prices	34%	11%	12%	43%
Reduce your likelihood of employing more staff	60%	8%	2%	30%
Reduce your marketing activity and expenditure	43%	17%	4%	36%

Base = Expect Increase

SOURCE: Yellow Pages® Business Index  
Sweeney Research - November 2000



# Small Business Outlook - National

In this section, we have only been able to look at small business trends because data for small versus medium trends in each state and territory was not available. In subsequent editions of the *Index*, we will be able to review SME trends.

- Small business confidence levels have fallen based on perceptions of a slowing economy
- Sales growth slowed dramatically, influenced in part by the Olympics
- Businesses more confident about their own business prospects than prospects for the economy
- Expectations for short-term employment levels have improved
- Marginal rise in approval rating for the Federal Government
- GST implementation relatively easy

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

	SMALL BUSINESS				SMALL/MEDIUM
	FEB 2000	MAY 2000	AUG 2000	NOV 2000	NOV 2000
	%	%	%	%	%
CONFIDENCE IN OWN BUSINESS	62	52	61	53	54
PROSPECTS IN NEXT 12 MONTHS	21	26	19	23	23
<b>NET BALANCE</b>	<b>+41</b>	<b>+26</b>	<b>+42</b>	<b>+30</b>	<b>+31</b>

	ACTUAL EXPERIENCE DURING:					EXPECTATIONS FOR:					
	SMALL BUSINESS				SMALL/MEDIUM	SMALL BUSINESS				SMALL/MEDIUM	
	NOV-JAN 99/00	FEB-APR 00	MAY-JUL 00	AUG-OCT 00	AUG-OCT 00	FEB-APR 00	MAY-JUL 00	AUG-OCT 00	NOV-JAN 00/01	NOV-JAN 00/01	
	%	%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	44	37	39	26	26	47	34	42	44	44
	DECREASE	25	33	33	46	45	13	29	23	19	19
	<b>NET BALANCE</b>	<b>+19</b>	<b>+4</b>	<b>+6</b>	<b>-20</b>	<b>-19</b>	<b>+34</b>	<b>+5</b>	<b>+19</b>	<b>+25</b>	<b>+25</b>
SIZE OF WORKFORCE:	INCREASE	9	11	9	9	10	14	10	11	13	13
	DECREASE	9	9	8	7	7	3	6	5	4	4
	<b>NET BALANCE</b>	<b>0</b>	<b>+2</b>	<b>+1</b>	<b>+2</b>	<b>+3</b>	<b>+11</b>	<b>+4</b>	<b>+6</b>	<b>+9</b>	<b>+9</b>
WAGES BILL:	INCREASE	24	23	24	18	20	23	20	24	23	24
	DECREASE	12	13	13	18	18	6	11	9	8	8
	<b>NET BALANCE</b>	<b>+12</b>	<b>+10</b>	<b>+11</b>	<b>0</b>	<b>+2</b>	<b>+17</b>	<b>+9</b>	<b>+15</b>	<b>+15</b>	<b>+16</b>
PRICES:	INCREASE	20	20	46	38	38	31	55	29	28	28
	DECREASE	5	4	6	6	6	2	5	3	2	2
	<b>NET BALANCE</b>	<b>+15</b>	<b>+16</b>	<b>+40</b>	<b>+32</b>	<b>+32</b>	<b>+29</b>	<b>+50</b>	<b>+26</b>	<b>+26</b>	<b>+26</b>
PROFITABILITY:	INCREASE	36	30	31	22	22	42	28	38	40	40
	DECREASE	26	34	33	47	46	12	29	25	21	21
	<b>NET BALANCE</b>	<b>+10</b>	<b>-4</b>	<b>-2</b>	<b>-25</b>	<b>-24</b>	<b>+30</b>	<b>-1</b>	<b>+13</b>	<b>+19</b>	<b>+19</b>
CAPITAL EXPENDITURE:	INCREASE	26	23	27	20	21	29	24	17	21	21
	DECREASE	20	24	20	27	27	19	27	29	22	23
	<b>NET BALANCE</b>	<b>+6</b>	<b>-1</b>	<b>+7</b>	<b>-7</b>	<b>-6</b>	<b>+10</b>	<b>-3</b>	<b>-12</b>	<b>-1</b>	<b>-2</b>

\* 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 declined during the previous quarter, in line with national trend
- Decline in sales even more dramatic than the national decline - influenced by the Olympics
- Expectations for employment trends quite buoyant
- Business confidence in investment performance comparatively strong
- Attitudes towards State Government remain relatively negative

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - NSW											
		SMALL BUSINESS				SMALL/MEDIUM					
		FEB 2000 %	MAY 2000 %	AUG 2000 %	NOV 2000 %	NOV 2000 %					
CONFIDENCE IN OWN BUSINESS	POSITIVE	66	55	63	55	56					
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	20	25	19	21	21					
	<b>NET BALANCE</b>	<b>+46</b>	<b>+30</b>	<b>+44</b>	<b>+34</b>	<b>+35</b>					
		ACTUAL EXPERIENCE DURING:				EXPECTATIONS FOR:					
		SMALL BUSINESS				SMALL/MEDIUM	SMALL BUSINESS				SMALL/MEDIUM
		NOV-JAN 99/00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	AUG-OCT 00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	NOV-JAN 00/01 %	NOV-JAN 00/01 %
SALES VALUE:	INCREASE	47	37	40	27	27	49	35	46	48	48
	DECREASE	23	34	25	45	45	12	28	25	22	21
	<b>NET BALANCE</b>	<b>+24</b>	<b>+3</b>	<b>+15</b>	<b>-18</b>	<b>-18</b>	<b>+37</b>	<b>+7</b>	<b>+21</b>	<b>+26</b>	<b>+27</b>
SIZE OF WORKFORCE:	INCREASE	7	11	8	8	8	18	13	12	16	16
	DECREASE	10	10	7	6	7	3	7	5	3	3
	<b>NET BALANCE</b>	<b>-3</b>	<b>+1</b>	<b>+1</b>	<b>+2</b>	<b>+1</b>	<b>+15</b>	<b>+6</b>	<b>+7</b>	<b>+13</b>	<b>+13</b>
WAGES BILL:	INCREASE	25	22	20	16	17	27	21	26	24	24
	DECREASE	14	17	14	15	15	4	14	9	8	8
	<b>NET BALANCE</b>	<b>+11</b>	<b>+5</b>	<b>+6</b>	<b>+1</b>	<b>+2</b>	<b>+23</b>	<b>+7</b>	<b>+17</b>	<b>+16</b>	<b>+16</b>
PRICES:	INCREASE	22	18	42	36	36	32	52	24	24	24
	DECREASE	4	4	6	4	4	1	54	4	3	3
	<b>NET BALANCE</b>	<b>+18</b>	<b>+14</b>	<b>+36</b>	<b>+32</b>	<b>+32</b>	<b>+31</b>	<b>+47</b>	<b>+20</b>	<b>+21</b>	<b>+21</b>
PROFITABILITY:	INCREASE	41	32	30	22	22	42	29	43	43	42
	DECREASE	23	34	35	46	46	12	31	25	25	25
	<b>NET BALANCE</b>	<b>+18</b>	<b>-2</b>	<b>-5</b>	<b>-24</b>	<b>-24</b>	<b>+30</b>	<b>-2</b>	<b>+18</b>	<b>+18</b>	<b>+17</b>
CAPITAL EXPENDITURE:	INCREASE	28	21	25	20	21	29	27	17	21	21
	DECREASE	15	26	21	22	23	13	25	25	17	17
	<b>NET BALANCE</b>	<b>+13</b>	<b>-5</b>	<b>+4</b>	<b>-2</b>	<b>-2</b>	<b>+16</b>	<b>+2</b>	<b>-8</b>	<b>+4</b>	<b>+4</b>

\* 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

- Business confidence held up relatively well compared with other states
- Expectations for a significant rebound in sales for the current quarter
- Wages pressures expected to be comparatively high
- High expectations of improved profitability
- Negative perceptions of the State Government remain due to increased workers' compensation costs

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

		SMALL BUSINESS				SMALL/MEDIUM					
		FEB 2000 %	MAY 2000 %	AUG 2000 %	NOV 2000 %	NOV 2000 %					
CONFIDENCE IN OWN BUSINESS	POSITIVE	65	49	56	52	53					
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	17	29	22	22	21					
	<b>NET BALANCE</b>	<b>+48</b>	<b>+20</b>	<b>+34</b>	<b>+30</b>	<b>+32</b>					
	ACTUAL EXPERIENCE DURING:					EXPECTATIONS FOR:					
	SMALL BUSINESS				SMALL/MEDIUM	SMALL BUSINESS				SMALL/MEDIUM	
	NOV-JAN 99/00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	AUG-OCT 00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	NOV-JAN 00/01 %	NOV-JAN 00/01 %	
SALES VALUE:	INCREASE	44	36	39	24	24	46	34	37	39	39
	DECREASE	24	30	31	41	40	15	32	25	16	17
	<b>NET BALANCE</b>	<b>+20</b>	<b>+6</b>	<b>+8</b>	<b>-17</b>	<b>-16</b>	<b>+31</b>	<b>+2</b>	<b>+12</b>	<b>+23</b>	<b>+22</b>
SIZE OF WORKFORCE:	INCREASE	8	14	12	10	11	14	6	13	10	10
	DECREASE	8	7	8	5	5	3	4	5	3	4
	<b>NET BALANCE</b>	<b>0</b>	<b>+7</b>	<b>+4</b>	<b>+5</b>	<b>+6</b>	<b>+11</b>	<b>+2</b>	<b>+8</b>	<b>+7</b>	<b>+6</b>
WAGES BILL:	INCREASE	21	24	27	21	23	26	18	26	22	23
	DECREASE	9	9	12	18	18	7	8	7	8	8
	<b>NET BALANCE</b>	<b>+12</b>	<b>+15</b>	<b>+15</b>	<b>+3</b>	<b>+5</b>	<b>+19</b>	<b>+10</b>	<b>+19</b>	<b>+14</b>	<b>+15</b>
PRICES:	INCREASE	14	17	45	46	45	28	61	38	29	28
	DECREASE	8	5	8	6	6	1	3	3	1	1
	<b>NET BALANCE</b>	<b>+6</b>	<b>+12</b>	<b>+37</b>	<b>+40</b>	<b>+39</b>	<b>+27</b>	<b>+58</b>	<b>+35</b>	<b>+28</b>	<b>+27</b>
PROFITABILITY:	INCREASE	35	27	30	23	23	42	28	33	36	37
	DECREASE	24	35	32	43	42	13	28	26	18	17
	<b>NET BALANCE</b>	<b>+11</b>	<b>-8</b>	<b>-2</b>	<b>-20</b>	<b>-19</b>	<b>+29</b>	<b>0</b>	<b>+7</b>	<b>+18</b>	<b>+20</b>
CAPITAL EXPENDITURE:	INCREASE	27	25	26	19	20	30	23	17	26	26
	DECREASE	20	22	12	29	29	21	32	34	21	22
	<b>NET BALANCE</b>	<b>+7</b>	<b>+3</b>	<b>+14</b>	<b>-10</b>	<b>-9</b>	<b>+9</b>	<b>-9</b>	<b>-17</b>	<b>+5</b>	<b>+4</b>

\* 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

- Business confidence declines faster than national trend
- Sales trends for the previous quarter weakest of any state
- Profit trends for same quarter lowest of any state
- Business investment projected to be lower than national trend
- State Government recorded another noticeable improvement in its approval rating

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

		SMALL BUSINESS				SMALL/MEDIUM
		FEB 2000 %	MAY 2000 %	AUG 2000 %	NOV 2000 %	NOV 2000 %
CONFIDENCE IN OWN BUSINESS	POSITIVE	51	44	61	48	48
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	29	29	18	26	26
	<b>NET BALANCE</b>	<b>+22</b>	<b>+15</b>	<b>+43</b>	<b>+22</b>	<b>+22</b>

		ACTUAL EXPERIENCE DURING:					EXPECTATIONS FOR:				
		SMALL BUSINESS				SMALL/MEDIUM	SMALL BUSINESS				SMALL/MEDIUM
		NOV-JAN 99/00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	AUG-OCT 00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	NOV-JAN 00/01 %	NOV-JAN 00/01 %
SALES VALUE:	INCREASE	44	35	37	23	24	46	37	39	44	43
	DECREASE	26	36	34	57	56	12	23	19	20	21
	<b>NET BALANCE</b>	<b>+18</b>	<b>-1</b>	<b>+3</b>	<b>-34</b>	<b>-32</b>	<b>+34</b>	<b>+14</b>	<b>+20</b>	<b>+24</b>	<b>+22</b>
SIZE OF WORKFORCE:	INCREASE	8	11	11	9	11	11	11	8	10	11
	DECREASE	11	9	8	7	7	3	7	7	5	6
	<b>NET BALANCE</b>	<b>-3</b>	<b>+2</b>	<b>+3</b>	<b>+2</b>	<b>+4</b>	<b>+8</b>	<b>+4</b>	<b>+1</b>	<b>+5</b>	<b>+5</b>
WAGES BILL:	INCREASE	30	25	27	16	20	17	21	19	21	22
	DECREASE	12	13	9	25	24	10	9	10	10	11
	<b>NET BALANCE</b>	<b>+18</b>	<b>+12</b>	<b>+18</b>	<b>-9</b>	<b>-4</b>	<b>+7</b>	<b>+12</b>	<b>+9</b>	<b>+11</b>	<b>+11</b>
PRICES:	INCREASE	23	25	54	36	35	33	53	23	32	30
	DECREASE	6	2	5	7	9	2	5	4	4	4
	<b>NET BALANCE</b>	<b>+17</b>	<b>+23</b>	<b>+49</b>	<b>+29</b>	<b>+26</b>	<b>+31</b>	<b>+48</b>	<b>+19</b>	<b>+28</b>	<b>+26</b>
PROFITABILITY:	INCREASE	34	30	30	19	19	39	30	33	39	38
	DECREASE	30	38	36	58	56	14	26	28	20	21
	<b>NET BALANCE</b>	<b>+4</b>	<b>-8</b>	<b>-6</b>	<b>-39</b>	<b>-37</b>	<b>+25</b>	<b>+4</b>	<b>+5</b>	<b>+19</b>	<b>+17</b>
CAPITAL EXPENDITURE:	INCREASE	23	25	25	18	19	30	23	18	19	20
	DECREASE	24	24	21	30	32	19	28	25	28	30
	<b>NET BALANCE</b>	<b>-1</b>	<b>+1</b>	<b>+4</b>	<b>-12</b>	<b>-12</b>	<b>+11</b>	<b>-5</b>	<b>-7</b>	<b>-9</b>	<b>-10</b>

\* 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

- Business confidence remains strongest in the country
- Sales performance declined significantly in line with national trends
- Employment trends expected to outperform the national outlook
- Projected investment activity for current quarter looks particularly weak
- Marginal improvement in State Government approval rating

## TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - SOUTH AUSTRALIA

		SMALL BUSINESS				SMALL/MEDIUM					
		FEB 2000 %	MAY 2000 %	AUG 2000 %	NOV 2000 %	NOV 2000 %					
CONFIDENCE IN OWN BUSINESS	POSITIVE	70	57	67	62	61					
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	15	22	10	21	22					
	<b>NET BALANCE</b>	<b>+55</b>	<b>+35</b>	<b>+57</b>	<b>+41</b>	<b>+39</b>					
		ACTUAL EXPERIENCE DURING:					EXPECTATIONS FOR:				
		SMALL BUSINESS				SMALL/MEDIUM	SMALL BUSINESS				SMALL/MEDIUM
		NOV-JAN 99/00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	AUG-OCT 00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	NOV-JAN 00/01 %	NOV-JAN 00/01 %
SALES VALUE:	INCREASE	45	35	40	28	29	47	33	49	46	45
	DECREASE	22	24	31	45	44	16	27	16	14	14
	<b>NET BALANCE</b>	<b>+23</b>	<b>+11</b>	<b>+9</b>	<b>-17</b>	<b>-15</b>	<b>+31</b>	<b>+6</b>	<b>+33</b>	<b>+32</b>	<b>+31</b>
SIZE OF WORKFORCE:	INCREASE	9	5	8	7	9	7	9	12	18	17
	DECREASE	4	4	9	5	5	2	5	4	1	2
	<b>NET BALANCE</b>	<b>+5</b>	<b>+1</b>	<b>-1</b>	<b>+2</b>	<b>+4</b>	<b>+5</b>	<b>+4</b>	<b>+8</b>	<b>+17</b>	<b>+15</b>
WAGES BILL:	INCREASE	22	16	23	18	20	17	18	27	28	28
	DECREASE	14	9	12	23	23	3	14	11	6	7
	<b>NET BALANCE</b>	<b>+8</b>	<b>+7</b>	<b>+11</b>	<b>-5</b>	<b>-3</b>	<b>+14</b>	<b>+4</b>	<b>+16</b>	<b>+22</b>	<b>+21</b>
PRICES:	INCREASE	15	28	42	45	45	30	60	31	36	35
	DECREASE	2	0	3	6	6	3	5	2	2	3
	<b>NET BALANCE</b>	<b>+13</b>	<b>+28</b>	<b>+39</b>	<b>+39</b>	<b>+39</b>	<b>+27</b>	<b>+55</b>	<b>+29</b>	<b>+34</b>	<b>+32</b>
PROFITABILITY:	INCREASE	38	33	33	24	24	42	30	43	38	38
	DECREASE	23	27	29	48	48	12	26	18	19	21
	<b>NET BALANCE</b>	<b>+15</b>	<b>+6</b>	<b>+4</b>	<b>-24</b>	<b>-24</b>	<b>+30</b>	<b>+4</b>	<b>+25</b>	<b>+19</b>	<b>+17</b>
CAPITAL EXPENDITURE:	INCREASE	24	20	33	21	22	29	22	23	13	16
	DECREASE	24	21	28	33	33	28	27	27	26	27
	<b>NET BALANCE</b>	<b>0</b>	<b>-1</b>	<b>+5</b>	<b>-12</b>	<b>-11</b>	<b>+1</b>	<b>-5</b>	<b>-4</b>	<b>-13</b>	<b>-11</b>

\* 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

- Business confidence drops faster than the national experience
- Expectations for noticeable rebound in sales performance for the current quarter
- Profitability also projected to rebound strongly this quarter
- Expectations for capital expenditure remain subdued
- State Government has a low level of support

## TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - WESTERN AUSTRALIA

		SMALL BUSINESS				SMALL/MEDIUM
		FEB 2000 %	MAY 2000 %	AUG 2000 %	NOV 2000 %	NOV 2000 %
CONFIDENCE IN OWN BUSINESS	POSITIVE	60	55	61	51	51
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	18	25	16	28	28
	<b>NET BALANCE</b>	<b>+42</b>	<b>+30</b>	<b>+45</b>	<b>+23</b>	<b>+23</b>

		ACTUAL EXPERIENCE DURING:					EXPECTATIONS FOR:				
		SMALL BUSINESS				SMALL/MEDIUM	SMALL BUSINESS				SMALL/MEDIUM
		NOV-JAN 99/00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	AUG-OCT 00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	NOV-JAN 00/01 %	NOV-JAN 00/01 %
SALES VALUE:	INCREASE	33	41	34	25	25	46	24	45	46	46
	DECREASE	34	39	29	44	44	10	35	17	16	16
	<b>NET BALANCE</b>	<b>-1</b>	<b>+2</b>	<b>+5</b>	<b>-19</b>	<b>-19</b>	<b>+36</b>	<b>-11</b>	<b>+28</b>	<b>+30</b>	<b>+30</b>
SIZE OF WORKFORCE:	INCREASE	10	9	7	11	11	9	7	11	12	12
	DECREASE	5	15	8	11	11	7	7	2	5	6
	<b>NET BALANCE</b>	<b>+5</b>	<b>-6</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>+2</b>	<b>0</b>	<b>+9</b>	<b>+7</b>	<b>+6</b>
WAGES BILL:	INCREASE	18	21	21	17	18	16	25	23	25	24
	DECREASE	11	16	14	19	19	11	14	6	5	6
	<b>NET BALANCE</b>	<b>+7</b>	<b>+5</b>	<b>+7</b>	<b>-2</b>	<b>-1</b>	<b>+5</b>	<b>+11</b>	<b>+17</b>	<b>+20</b>	<b>+18</b>
PRICES:	INCREASE	22	17	51	30	30	33	52	30	35	35
	DECREASE	1	3	7	7	7	1	5	2	2	2
	<b>NET BALANCE</b>	<b>+21</b>	<b>+14</b>	<b>+44</b>	<b>+23</b>	<b>+23</b>	<b>+32</b>	<b>+47</b>	<b>+28</b>	<b>+33</b>	<b>+33</b>
PROFITABILITY:	INCREASE	23	29	30	20	20	46	21	39	45	44
	DECREASE	35	38	25	45	45	8	33	22	17	17
	<b>NET BALANCE</b>	<b>-12</b>	<b>-9</b>	<b>+5</b>	<b>-25</b>	<b>-25</b>	<b>+38</b>	<b>-12</b>	<b>+17</b>	<b>+28</b>	<b>+27</b>
CAPITAL EXPENDITURE:	INCREASE	24	19	29	23	23	27	21	12	14	15
	DECREASE	30	27	25	28	29	22	23	36	26	26
	<b>NET BALANCE</b>	<b>-6</b>	<b>-8</b>	<b>+4</b>	<b>-5</b>	<b>-6</b>	<b>+5</b>	<b>-2</b>	<b>-24</b>	<b>-12</b>	<b>-11</b>

\* 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

- Business confidence levels have held up, while the national trend weakens
- Sales projections for the current quarter forecast strong recovery
- Profitability also expected to record strong performance in the current quarter
- Business investment represents the weakest element of future business activity
- State Government recorded biggest increase in approval

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

		SMALL BUSINESS				SMALL/MEDIUM					
		FEB 2000 %	MAY 2000 %	AUG 2000 %	NOV 2000 %	NOV 2000 %					
CONFIDENCE IN OWN BUSINESS	POSITIVE	57	56	56	55	56					
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	22	21	24	24	23					
	<b>NET BALANCE</b>	<b>+35</b>	<b>+35</b>	<b>+32</b>	<b>+31</b>	<b>+33</b>					
		ACTUAL EXPERIENCE DURING:				EXPECTATIONS FOR:					
		SMALL BUSINESS				SMALL/MEDIUM	SMALL BUSINESS				SMALL/MEDIUM
		NOV-JAN 99/00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	AUG-OCT 00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	NOV-JAN 00/01 %	NOV-JAN 00/01 %
SALES VALUE:	INCREASE	41	36	33	29	29	41	20	36	46	46
	DECREASE	27	30	43	42	41	18	33	31	11	11
	<b>NET BALANCE</b>	<b>+14</b>	<b>+6</b>	<b>-10</b>	<b>-13</b>	<b>-12</b>	<b>+23</b>	<b>-13</b>	<b>+5</b>	<b>+35</b>	<b>+35</b>
SIZE OF WORKFORCE:	INCREASE	14	11	8	18	18	12	7	9	11	11
	DECREASE	15	2	6	7	7	5	13	9	3	3
	<b>NET BALANCE</b>	<b>-1</b>	<b>+9</b>	<b>+2</b>	<b>+11</b>	<b>+11</b>	<b>+7</b>	<b>-6</b>	<b>0</b>	<b>+8</b>	<b>+8</b>
WAGES BILL:	INCREASE	22	19	23	16	17	20	14	23	26	26
	DECREASE	14	7	14	15	14	7	15	14	5	5
	<b>NET BALANCE</b>	<b>+8</b>	<b>+12</b>	<b>+9</b>	<b>+1</b>	<b>+3</b>	<b>+13</b>	<b>-1</b>	<b>+9</b>	<b>+21</b>	<b>+21</b>
PRICES:	INCREASE	21	12	49	41	40	19	51	34	33	32
	DECREASE	6	8	8	6	6	5	11	0	3	3
	<b>NET BALANCE</b>	<b>+15</b>	<b>+4</b>	<b>+41</b>	<b>+35</b>	<b>+34</b>	<b>+14</b>	<b>+40</b>	<b>+34</b>	<b>+30</b>	<b>+29</b>
PROFITABILITY:	INCREASE	40	33	34	24	24	40	18	32	42	42
	DECREASE	36	24	37	44	43	18	39	32	10	10
	<b>NET BALANCE</b>	<b>+4</b>	<b>+9</b>	<b>-3</b>	<b>-20</b>	<b>-19</b>	<b>+22</b>	<b>-21</b>	<b>0</b>	<b>+32</b>	<b>+32</b>
CAPITAL EXPENDITURE:	INCREASE	25	18	28	14	16	16	21	17	14	14
	DECREASE	27	26	13	26	26	27	23	46	31	31
	<b>NET BALANCE</b>	<b>-2</b>	<b>-8</b>	<b>+15</b>	<b>-12</b>	<b>-10</b>	<b>-11</b>	<b>-2</b>	<b>-29</b>	<b>-17</b>	<b>-17</b>

\* 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

- Business confidence falls in line with national experience
- Recovery in sales expected to be less pronounced than the national trend
- Less significant rebound in profits forecast for the current quarter
- Business investment expected to remain particularly weak
- Territory Government remains by far the most popular in the country

## TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - NORTHERN TERRITORY

		SMALL BUSINESS				SMALL/MEDIUM
		FEB 2000 %	MAY 2000 %	AUG 2000 %	NOV 2000 %	NOV 2000 %
CONFIDENCE IN OWN BUSINESS	POSITIVE	67	60	55	49	49
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	18	16	20	24	23
	<b>NET BALANCE</b>	<b>+49</b>	<b>+44</b>	<b>+35</b>	<b>+25</b>	<b>+26</b>

		ACTUAL EXPERIENCE DURING:					EXPECTATIONS FOR:				
		SMALL BUSINESS				SMALL/MEDIUM	SMALL BUSINESS				SMALL/MEDIUM
		NOV-JAN 99/00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	AUG-OCT 00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	NOV-JAN 00/01 %	NOV-JAN 00/01 %
SALES VALUE:	INCREASE	39	37	40	33	33	57	44	37	43	43
	DECREASE	26	41	42	45	46	7	24	22	31	31
	<b>NET BALANCE</b>	<b>+13</b>	<b>-4</b>	<b>-2</b>	<b>-12</b>	<b>-13</b>	<b>+50</b>	<b>+20</b>	<b>+15</b>	<b>+12</b>	<b>+12</b>
SIZE OF WORKFORCE:	INCREASE	12	9	15	8	9	23	18	13	17	17
	DECREASE	23	9	9	14	14	5	9	8	10	11
	<b>NET BALANCE</b>	<b>-11</b>	<b>0</b>	<b>+6</b>	<b>-6</b>	<b>-5</b>	<b>+18</b>	<b>+9</b>	<b>+5</b>	<b>+7</b>	<b>+6</b>
WAGES BILL:	INCREASE	24	18	31	23	25	30	25	29	24	25
	DECREASE	15	22	22	19	20	8	9	13	17	16
	<b>NET BALANCE</b>	<b>+9</b>	<b>-4</b>	<b>+9</b>	<b>+4</b>	<b>+5</b>	<b>+22</b>	<b>+16</b>	<b>+16</b>	<b>+7</b>	<b>+9</b>
PRICES :	INCREASE	14	24	40	32	30	31	55	27	26	27
	DECREASE	2	9	10	8	9	3	0	4	1	1
	<b>NET BALANCE</b>	<b>+12</b>	<b>+15</b>	<b>+30</b>	<b>+24</b>	<b>+21</b>	<b>+28</b>	<b>+55</b>	<b>+23</b>	<b>+25</b>	<b>+26</b>
PROFITABILITY:	INCREASE	30	27	33	23	23	55	39	41	41	41
	DECREASE	27	41	38	52	52	7	23	28	29	29
	<b>NET BALANCE</b>	<b>+3</b>	<b>-14</b>	<b>-5</b>	<b>-29</b>	<b>-29</b>	<b>+48</b>	<b>+16</b>	<b>+13</b>	<b>+12</b>	<b>+12</b>
CAPITAL EXPENDITURE:	INCREASE	27	28	28	19	19	40	32	29	13	13
	DECREASE	27	22	21	37	37	17	29	32	29	30
	<b>NET BALANCE</b>	<b>0</b>	<b>+6</b>	<b>+7</b>	<b>-18</b>	<b>-18</b>	<b>+23</b>	<b>+3</b>	<b>-3</b>	<b>-16</b>	<b>-17</b>

\* 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

- Business confidence falls, but remains stronger than national trend
- Sales held up well against every other part of the country
- Employment trends look positive
- Profitability expected to recover
- Reasonable support for ACT Government continues

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

		SMALL BUSINESS				SMALL/MEDIUM					
		FEB 2000 %	MAY 2000 %	AUG 2000 %	NOV 2000 %	NOV 2000 %					
CONFIDENCE IN OWN BUSINESS	POSITIVE	69	64	65	57	57					
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	15	20	17	20	20					
	<b>NET BALANCE</b>	<b>+54</b>	<b>+44</b>	<b>+48</b>	<b>+37</b>	<b>+37</b>					
		ACTUAL EXPERIENCE DURING:				EXPECTATIONS FOR:					
		SMALL BUSINESS				SMALL/MEDIUM	SMALL BUSINESS				SMALL/MEDIUM
		NOV-JAN 99/00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	AUG-OCT 00 %	FEB-APR 00 %	MAY-JUL 00 %	AUG-OCT 00 %	NOV-JAN 00/01 %	NOV-JAN 00/01 %
SALES VALUE:	INCREASE	53	38	48	39	39	51	30	34	39	40
	DECREASE	7	17	19	34	34	9	20	26	15	16
	<b>NET BALANCE</b>	<b>+46</b>	<b>+21</b>	<b>+29</b>	<b>+5</b>	<b>+5</b>	<b>+42</b>	<b>+10</b>	<b>+8</b>	<b>+24</b>	<b>+24</b>
SIZE OF WORKFORCE:	INCREASE	13	18	15	4	4	17	14	13	18	18
	DECREASE	10	7	8	9	9	4	3	2	7	7
	<b>NET BALANCE</b>	<b>+3</b>	<b>+11</b>	<b>+7</b>	<b>-5</b>	<b>-5</b>	<b>+13</b>	<b>+11</b>	<b>+11</b>	<b>+11</b>	<b>+11</b>
WAGES BILL:	INCREASE	25	24	29	28	30	30	25	33	21	21
	DECREASE	10	7	7	12	12	5	3	2	8	8
	<b>NET BALANCE</b>	<b>+15</b>	<b>+17</b>	<b>+22</b>	<b>+16</b>	<b>+18</b>	<b>+25</b>	<b>+22</b>	<b>+31</b>	<b>+13</b>	<b>+13</b>
PRICES:	INCREASE	22	28	56	32	32	28	64	22	26	26
	DECREASE	2	1	2	5	6	5	2	3	0	1
	<b>NET BALANCE</b>	<b>+20</b>	<b>+27</b>	<b>+54</b>	<b>+27</b>	<b>+26</b>	<b>+23</b>	<b>+62</b>	<b>+19</b>	<b>+26</b>	<b>+25</b>
PROFITABILITY:	INCREASE	46	42	43	36	36	47	31	32	40	39
	DECREASE	14	16	18	29	29	11	26	27	13	14
	<b>NET BALANCE</b>	<b>+32</b>	<b>+26</b>	<b>+25</b>	<b>+7</b>	<b>+7</b>	<b>+36</b>	<b>+5</b>	<b>+5</b>	<b>+27</b>	<b>+25</b>
CAPITAL EXPENDITURE:	INCREASE	30	19	33	24	25	18	18	13	23	23
	DECREASE	27	23	22	23	23	33	34	34	22	22
	<b>NET BALANCE</b>	<b>+3</b>	<b>-4</b>	<b>+11</b>	<b>+1</b>	<b>+2</b>	<b>-15</b>	<b>-16</b>	<b>-21</b>	<b>+1</b>	<b>+1</b>

\* 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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