

November 2005

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



Sensis® *Business Index – Small and Medium Enterprises*

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Introduction

The Sensis® *Business Index* is an ongoing series of surveys tracking confidence and behaviour of Australia's small and medium enterprises (SMEs).

The primary objectives of the Sensis® *Business 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.

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

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

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

The Sensis® *Business Index* is an initiative of Sensis Pty Ltd as part of its commitment to this vital business sector. Sensis is Australia's leading information resource and is a wholly owned Telstra subsidiary. Sensis' popular information services make complex lives simpler by helping Australians find, buy and sell. These services include Yellow Pages®, White Pages®, Trading Post®, CitySearch®, UBD®, Gregory's® and Whereis®. Sensis provides advertising services to 420,000 Australian businesses, of which 90 per cent are SMEs.

In addition, the Sensis *Insights* products provide commissioned research for corporate and government organisations on a variety of SME, policy and communication issues. For more information on commissioned research, please refer to page 30.

About the survey

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

The November 2005 Sensis® *Business Index* results are based on telephone interviews conducted with 1,800 small and medium business proprietors. The sample size is divided between 1,400 small businesses and 400 medium businesses (the latter defined as businesses employing between 20 and 199 people).

Businesses interviewed for the November 2005 Sensis® *Business 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 below. Where replacement businesses are recruited, this sample structure is maintained.

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

Interviewing for this latest survey was conducted over the period 19 October to 11 November 2005. The report covers experiences over the past three months (August 2005 to October 2005), and expectations for both the current quarter (November 2005 to January 2006) and the 12 months ending October 2006.

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
Australian Capital Territory	150	150	-
Total	1800	1365	435

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

Executive summary

Business confidence among SMEs remained unchanged during the past quarter. SME current perceptions of the economy improved; however, there was pessimism about the future economic direction. All business performance indicators improved over the past quarter, with the exception of prices which remained stable and capital expenditure which fell. Short-term expectations displayed some volatility, with falls anticipated for most indicators. However, expectations for the year ahead increased for most indicators, with the exception of capital expenditure. Support for the Federal Government fell marginally but remained at an exceptionally strong level on the back of strong support from SMEs for its agenda of workplace relations changes. The Northern Territory Government was most supported by SMEs, with New South Wales again the least supported.

Other key findings from the Sensis® *Business Index* are included in the following five sections of this Executive Summary:

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

Historical trends and overall SME highlights

- Business confidence among SMEs was unchanged during the past quarter.
- Perceptions of the current state of the Australian economy increased, however, there was a decline in the net proportion of SMEs that felt the economy would be better a year from now.
- There was improvement in the performance of most key indicators over the last quarter, with the exception of capital expenditure and prices.
- In the short term, SMEs are expecting falls across most key indicators, with the exception of employment and wages.
- Expectations for most key business indicators for the year ahead also rose, with the only exception being capital expenditure.
- Finding quality staff was the primary concern of SMEs. This was followed by concern over rising petrol and freight costs; lack of work and sales; and, competitive issues with larger businesses.
- Increased sales performance was recorded, pointing to improving demand in the Australian economy. Sales expectations for the current quarter and the year ahead fell with increasing concerns over consumer confidence.
- In line with the rising sales result, profitability performance also improved over the past quarter.
- Employment growth during the quarter rose, reversing some of the fall experienced last quarter.
- Capital expenditure performance fell to be net negative. Expectations were for further declines in both the short term and the year ahead.
- Support for the Federal Government's policies fell marginally but remained strong on the back of SME support for their workplace relations agenda.
- The Northern Territory Government was the most supported state government in Australia, with net positive ratings also recorded in Tasmania. The New South Wales Government recorded the lowest level of support for a state or territory government for the seventh successive quarter.

Small versus medium enterprises

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

- medium businesses were again more confident than small businesses, however, the gap narrowed to nine percentage points, down from a gap of 12 percentage points last quarter;
- medium businesses were noticeably more positive about the current state of the Australian economy than small businesses;
- medium businesses recorded noticeably higher performance than small businesses for all indicators in the past quarter; and,
- medium businesses continued to be far more supportive of the Federal Government's policies than small businesses.

Metropolitan versus regional

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

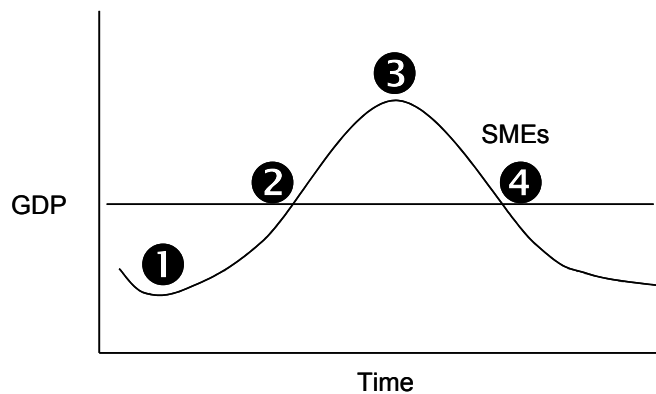
- regional businesses have now exhibited higher confidence levels than their metropolitan counterparts for five successive quarters;
- regional businesses were now more positive about the current state of the Australian economy than metropolitan businesses;
- metropolitan businesses outperformed regional businesses in all indicators for the previous quarter with the exception of prices and capital expenditure; and,
- regional businesses recorded slightly higher support for the Federal Government's policies than their metropolitan counterparts.

Industry sector trends

Several trends emerged throughout the industry sectors:

- confidence was highest in the tourism-dependent accommodation, cafés and restaurants sector;
- the retail trade sector recorded the lowest confidence levels of any sector, along with the lowest levels of sales and profitability performance;
- sales and profitability growth were highest in the health and community services sector, as was employment. This was balanced with that sector also recording the highest increases in wages bills;
- the greatest net proportion of SMEs that increased their prices in the past quarter was in the fuel-dependent transport and storage sector;
- capital expenditure performance was strongest among SMEs in the cultural, recreational and personal services sector, and lowest for those firms in the communications, property and business services sector;
- employment performance was lowest among SMEs in the manufacturing sector; and,
- the accommodation, cafés and restaurants sector was the most supportive of the Federal Government's policies, with the manufacturing sector being the least supportive.

The Business Cycle and SMEs



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

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

Analysis of the key indicators from the November 2005 Sensis® Business Index suggests some uncertainty in the current state of Australian SMEs within the Australian economy. While most indicators continue to record high results and positive growth, some indicators, notably investment, reflect some anxiety among SMEs about the future of the economy. In general, the stagnation in overall confidence recorded last quarter points to uncertainty in the economic environment for the year ahead, dependent on whether demand remains solid. The pressure on inflationary indicators remains significant, and the future direction of the economy rests in the balance, dependent on the extent to which increasing fuel prices flow to other sectors of the economy and affect consumer confidence.

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

Highlighted sections show the indicators relevant to SMEs for the November 2005 Sensis® Business Index.

Small and medium business outlook – national summary

Confidence in own business prospects over the next 12 months

Key findings

Australian SMEs experienced stable business confidence during the quarter. While improving business confidence was seen in the previous quarter, this latest result indicates an economy which is currently in danger of stalling as the pressure of increasing fuel prices impacts on demand throughout the economy.

Last quarter (August to October 2005)

SMEs recorded stable business confidence with a net balance result of 55 per cent. This comprised 68 per cent of businesses that were confident about their business prospects for the year ahead and 13 per cent that were concerned. In the key confidence categories, businesses that felt confident to some degree about their business prospects have decreased marginally by one percentage point. Those business owners that felt worried to some extent about their business prospects also decreased marginally by one percentage point over the quarter. There was an increase of two percentage points in the proportion of businesses that were neutral about their business prospects.

The unchanged result in confidence this quarter involved marginal shifts in most levels of confidence. Overall, there was a slight downward shift in extreme levels of confidence, and an increase in neutral feelings about business prospects moving forward. The main reasons that businesses gave for feeling confident about their prospects again point to improving demand in the Australian economy – with businesses citing that they had plenty of work, opportunities and contracts coming up. On the other hand, businesses that felt less confident about their prospects were most likely to point to a decrease in demand as the main reason, followed by the impact of increasing fuel prices.

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

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

While improving business confidence and performance was seen in the previous quarter, marking a turnaround from moderating results over the past year, this latest result shows that the improvement in business conditions is in danger of stalling, due to the impact of increasing fuel prices in the economy. While SMEs see improvement in the current state of the economy, with increased concerns about the price of fuel, they have moderated their expectations for future economic growth and remain conservative about their future business prospects.

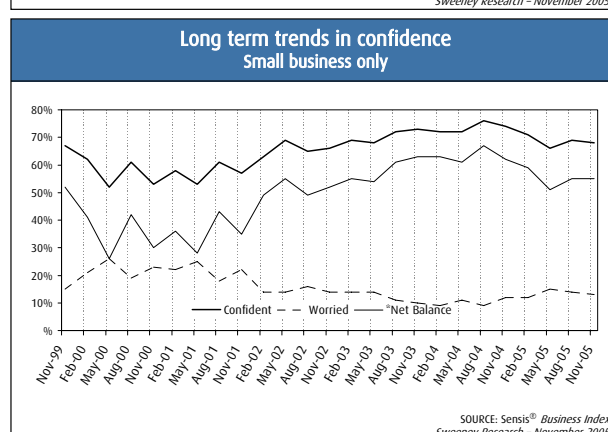
Overall confidence November 2005			
	Small Business (up to 19 employees)	Medium Business (20 - 199 employees)	Total Small and Medium
Extremely confident	13%	14%	13%
Fairly confident	55%	62%	55%
Neutral	19%	12%	19%
Fairly worried	10%	11%	10%
Extremely worried	3%	1%	3%
Total confident	68%	76%	68%
Total worried	13%	12%	13%
*Net Balance	+55%	+64%	+55%

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

SOURCE: Sensis® Business Index
Sweeney Research – November 2005

Confidence trends - past five quarters					
	Nov 04	Feb 05	May 05	Aug 05	Nov 05
Extremely confident	16%	16%	14%	15%	13%
Fairly confident	58%	55%	53%	54%	55%
Neutral	14%	17%	19%	17%	19%
Fairly worried	10%	10%	12%	11%	10%
Extremely worried	2%	2%	3%	3%	3%
Total confident	74%	71%	67%	69%	68%
Total worried	12%	12%	15%	14%	13%
*Net Balance	+62%	+59%	+52%	+55%	+55%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005



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

Confidence by state, sector and size

Key findings

The highest levels of business confidence over the past quarter were recorded in Queensland. The lowest level of business confidence was recorded in New South Wales. With further improvement this quarter, regional businesses again reported higher confidence levels than their metropolitan counterparts. Confidence was highest among SMEs in the accommodation, cafés and restaurant sector. Confidence was lowest among SMEs in the retail trade sector.

Last quarter (August to October 2005)

Following two quarters of sound improvement, Queensland recorded the highest confidence of any state or territory. The lowest level of confidence was recorded in New South Wales, where confidence declined by six percentage points during the quarter. Confidence among SMEs in New South Wales has been the lowest of any state or territory for five of the last six quarters.

Improving business confidence was recorded in Victoria, Queensland and the Australian Capital Territory. The largest improvement in net confidence was recorded in Victoria, following a decline the previous quarter. With the exception of Tasmania, where business confidence was unchanged, all other states and territories recorded a decline in business confidence.

Following the largest improvements in confidence for the past two quarters, the accommodation, cafés and restaurants sector recorded the highest confidence level at a net 73 per cent. This was followed by the finance and insurance sector, where business confidence was at net 71 per cent. The lowest confidence level was recorded in the retail trade sector, with a net balance of 33 per cent, recording the largest net decline in confidence of any sector of nine percentage points in the past quarter.

On a national basis, confidence was highest among businesses in regional areas, with metropolitan businesses recording a small decline in confidence over the past quarter. In line with this finding, the highest level of confidence around the nation this quarter was recorded among SMEs in regional areas of Queensland, with the lowest level being recorded among those SMEs in metropolitan New South Wales. The largest improvement was among those SMEs in regional Victoria, with the largest decline in business confidence recorded among SMEs in regional Western Australia.

Trends by state *net balance					
	Nov 04	Feb 05	May 05	Aug 05	Nov 05
National	62%	59%	52%	55%	55%
New South Wales	55%	45%	45%	51%	45%
Victoria	62%	56%	46%	43%	51%
Queensland	73%	73%	65%	68%	70%
South Australia	69%	68%	59%	70%	66%
Western Australia	56%	71%	51%	68%	63%
Tasmania	72%	72%	61%	62%	62%
Northern Territory	69%	71%	66%	73%	67%
Australian Capital Territory	75%	73%	58%	58%	64%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005

Metro and regional confidence *net balance			
	Metro	Regional	Total
National	54%	59%	55%
New South Wales	43%	51%	45%
Victoria	51%	48%	51%
Queensland	66%	74%	70%
South Australia	69%	58%	66%
Western Australia	67%	46%	63%
Tasmania	44%	73%	62%
Northern Territory	66%	67%	67%
Australian Capital Territory	63%	N/A	64%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005

Confidence by business size			
	Confident	Worried	*Net Balance
Total	68%	13%	55%
1-2 Employees	68%	14%	54%
3-4 Employees	66%	15%	51%
5-9 Employees	71%	6%	65%
10-19 Employees	71%	8%	63%
Total Small Business	68%	13%	55%
20-99 Employees	74%	13%	61%
100-199 Employees	91%	6%	85%
Total Medium Business	76%	12%	64%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005

Confidence by sector			
	Confident	Worried	*Net Balance
Manufacturing	67%	19%	48%
Building/Construction	69%	14%	55%
Wholesale Trade	62%	21%	41%
Retail Trade	53%	20%	33%
Transport/Storage	72%	15%	57%
Communication Property & Business Services	75%	11%	64%
Finance and Insurance	72%	1%	71%
Health and Community Services	73%	10%	63%
Cultural, Recreational and Personal	77%	10%	67%
Accommodation, Cafes and Restaurants	76%	3%	73%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005

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

Perceptions of the economy

Key findings

In the latest quarter, net perceptions of the Australian economy showed continued improvement among SMEs, for the second successive quarter.

However, this was coupled with a decline in future economic expectations from the previous quarter's result, with more SMEs believing that the economy would be worse a year from now than better.

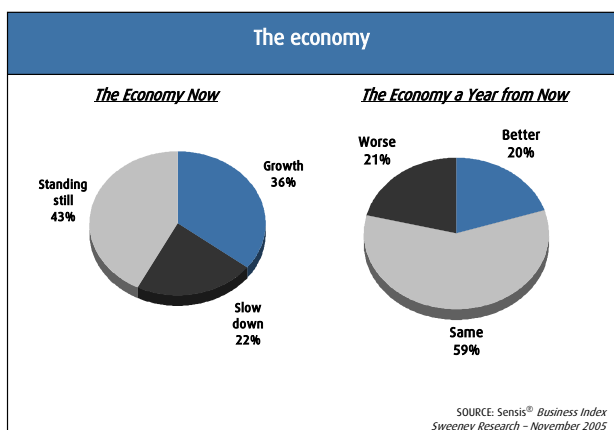
Last quarter (August to October 2005)

There was improvement in the proportion of SMEs that felt the economy was currently growing, with no change in the proportion of SMEs that felt the economy was currently slowing. This resulted in further improvement in the overall perception of the current state of the economy for the second successive quarter, with a net balance of 14 per cent of businesses believing the Australian economy is currently in a growth phase. This was an improvement of four percentage points from last quarter.

SMEs in the Northern Territory had the strongest perception of the current state of the Australian economy. A net balance of 44 per cent reported a current growth phase, an improvement of six percentage points from the previous quarter. The second strongest perception was recorded in Western Australia (net balance of 43 per cent). The weakest perception was again recorded among SMEs in Victoria (net balance of three per cent).

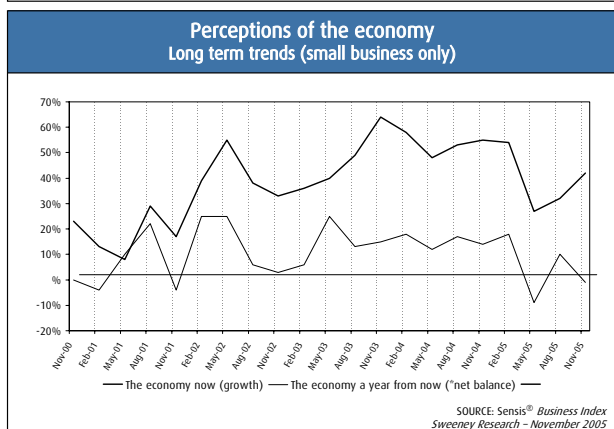
The largest net improvement in perceptions of the economy was felt in New South Wales, where perceptions rose 11 percentage points since last quarter. The largest decline in current perceptions of the economy was in South Australia.

However, there was a decline in expectations for the economy for the year ahead, with one percentage point more SMEs on balance believing that the economy would be worse in a year's time. This is compared to a net three per cent believing it would be stronger last quarter.



	Nov 04	Feb 05	May 05	Aug 05	Nov 05
The economy now					
Growth	56%	55%	27%	32%	36%
Slowing	13%	10%	27%	22%	22%
*Net Balance	+43%	+45%	0%	+10%	+14%
The economy a year from now					
Better	28%	30%	14%	20%	20%
Worse	14%	10%	24%	17%	21%
*Net Balance	+14%	+20%	-10%	+3%	-1%

SOURCE: Sensis® Business Index Sweeney Research – November 2005



	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
The economy now								
Growth	34%	29%	38%	31%	58%	41%	50%	30%
Slowing	20%	26%	21%	27%	15%	21%	6%	21%
*Net Balance	14%	3%	17%	4%	43%	20%	44%	9%
The economy a year from now								
Better	25%	13%	21%	19%	19%	10%	29%	19%
Worse	16%	24%	24%	26%	18%	27%	15%	21%
*Net Balance	9%	-11%	-3%	-7%	1%	-17%	14%	-2%

SOURCE: Sensis® Business Index Sweeney Research – November 2005

* 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

Key findings

The 12-month expectations for key indicators over the past quarter again showed significant improvement in almost all indicators. The only year-ahead indicator to record a decline in the last quarter was capital expenditure.

Next 12 months (November 2005 to October 2006)

There were rises in expectations in almost all key indicators for the year ahead. The only indicator that did not rise was capital expenditure, which recorded a small decline of two percentage points since last quarter.

Sales expectations rose during the quarter from 56 per cent to 60 per cent. This result comprised 68 per cent of businesses that believed sales would rise in the year ahead and eight per cent that thought sales would fall. The strongest net sales expectations for the year ahead were again recorded in the Northern Territory at 68 per cent. The most confident industry sector for sales expectations was the communications, property and business services sector (net 73 per cent), with the building and construction sector having the lowest sales expectations for the year ahead (net 39 per cent).

There was also a further small increase in employment expectations for the year ahead, with a net balance result of 21 per cent for the year ahead compared to 20 per cent for the previous quarter. Businesses in Queensland recorded the strongest employment expectations for the year ahead, with an increased net balance result of 28 per cent. The lowest employment expectations were recorded in Victoria, with a net balance result of 14 per cent, down from 19 per cent last quarter.

There was an increase of a net four per cent in expectations for total wage and salary costs for the year ahead. A net balance of 42 per cent of businesses expected a rise in their total wage costs in the coming year. The strongest expectations for total wage costs were again recorded in South Australia with a net balance of 47 per cent. The weakest were again recorded in Tasmania (net balance of 33 per cent).

Selling price expectations for the year ahead recorded an increase of three percentage points to a net balance of 54 per cent. The strongest selling price expectations were recorded in the fuel-dependent transport and storage sector, with a net balance of 77 per cent. The weakest selling price expectations were recorded in the finance and insurance sector (22 per cent). This latest result is the highest year-ahead price expectations since the introduction of the Goods and Services Tax in July 2000.

In line with improving sales expectations, expectations for profitability in the year ahead also rose by four percentage points to net 54 per cent. The highest expectations for profitability for the year ahead were recorded in the Northern Territory, with a net balance of 57 per cent, and the lowest were recorded in Tasmania, where a net balance of 34 per cent of SMEs were expecting their profitability to increase.

Capital expenditure expectations for the year ahead were the only indicator that did not increase in the past quarter, recording a small decline of two percentage points to a net balance of 14 per cent. The strongest capital expenditure expectations were recorded in Tasmania (21 per cent) and in the cultural, recreational and personal services sector (28 per cent).

Expectations on key indicators over the next 12 months November 2005			
	Expect an Increase	Expect a Decrease	*Net Balance
Value of sales	68%	8%	+60%
Size of workforce	25%	4%	+21%
Wages bill	47%	5%	+42%
Prices charged	57%	3%	+54%
Profitability	63%	9%	+54%
Capital expenditure	35%	21%	+14%

SOURCE: Sensis® Business Index
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Expectations on key indicators Trends in *net balance					
	Nov 04	Feb 04	May 05	Aug 05	Nov 05
Value of sales	59%	60%	46%	56%	60%
Size of workforce	25%	21%	17%	20%	21%
Wages bill	42%	39%	33%	38%	42%
Prices charged	50%	47%	51%	51%	54%
Profitability	53%	56%	40%	50%	54%
Capital expenditure	18%	14%	13%	16%	14%

SOURCE: Sensis® Business Index
Sweeney Research - November 2005

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

Concerns

Key findings

Finding quality staff increased by two percentage points to be the most pressing concern currently faced by SMEs nationally. This concern is currently at higher levels than at any time since the inception of the Sensis® Business Index. Petrol and freight costs were the second most significant issue facing SMEs nationally.

Last quarter (August to October 2005)

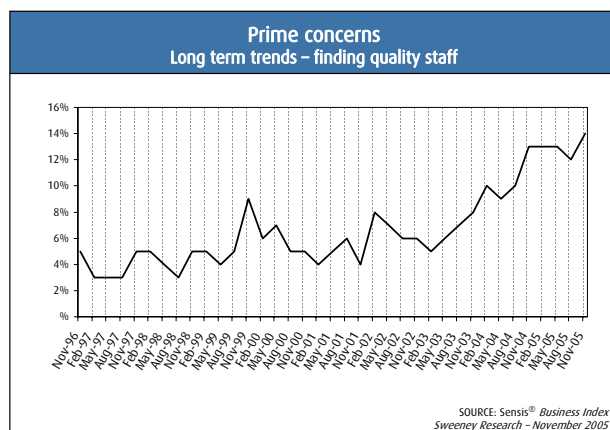
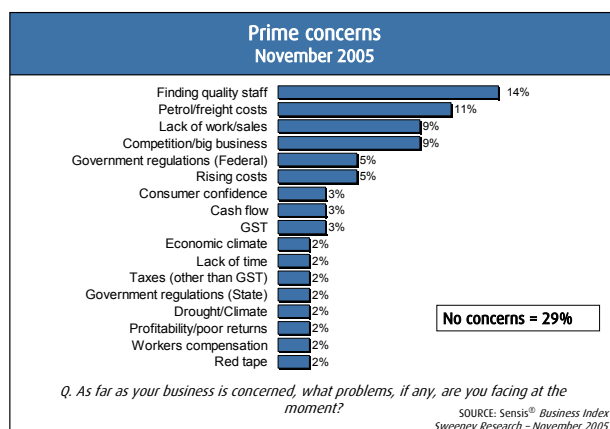
Concerns about finding quality staff remained the most nominated concern by SMEs. Overall, 14 per cent of SMEs nominated finding quality staff as an issue, having increased by a further two percentage points in the past quarter.

Concern for finding quality staff was again most strongly felt in the Northern Territory in the past quarter (having risen further from 26 to 29 per cent) and in the accommodation, cafés and restaurants sector (36 per cent). While exporting businesses were more likely to report currently having difficulties finding quality staff than SMEs in general, this was only the equal most important issue for these businesses. Exporting businesses were also just as likely to nominate competitive issues as their prime concern.

Looking at this issue in more depth, a shortage of skilled workers continued to be the predominant reason that SMEs gave for having difficulties finding quality staff. Again, there were a range of issues raised dependent on the nature and location of the business in question. In New South Wales rates of pay were cited as a significant issue for SMEs trying to hire staff, whereas in Tasmania there was a concern that potential employees were simply not available. The lack of skilled employees was a large issue for the manufacturing sector, rates of pay was the predominant issue currently for the retail sector this quarter, and the quality of staff was the key problem for those businesses in the accommodation, cafés and restaurants sector at the moment.

The second most pressing problem for SMEs this quarter was petrol and freight charges, which was currently an issue for 11 per cent of businesses. Petrol and freight costs were most likely to be nominated by SMEs in Tasmania, and least likely to be nominated by those in Victoria. While petrol prices were felt to some extent in all sectors for the economy, SMEs in the transport and storage sector were, not surprisingly, most likely to be facing this problem.

Other key problems faced by businesses this quarter were a lack of work or sales and competitive issues with larger businesses, both cited by nine per cent of businesses. This represented a relatively low level of concern for lack of work or sales, however, it was the second highest level of concern on competitive issues since the inception of the Sensis® Business Index.



Sales

Key findings

SMEs again reported improving sales for the second successive quarter. However, while SMEs are expecting a moderation in sales growth for the coming quarter, expectations for the year ahead improved.

Last quarter (August to October 2005)

Sales performance recorded a net balance of 11 per cent for the quarter, an increase from the previous quarter's result of eight per cent. This result again reflected both a rise in those SMEs experiencing increasing sales and a fall in those that experienced decreasing sales. This latest result reflects continued improvement in demand.

Sales performance again varied dramatically across the states and territories. The strongest result was again among SMEs in the Northern Territory, where a net 40 per cent experienced increasing sales over the past quarter. At the other end of the scale, sales performance was lowest among SMEs in New South Wales, where more SMEs actually saw a decline in sales than an increase, resulting in a result of a net negative two per cent.

The strongest sales performance was recorded in the health and community services sector, with a net balance of 26 per cent, up from 14 per cent last quarter.

The retail trade sector recorded the weakest industry performance, with a net negative seven per cent of SMEs in that sector recording sales growth.

Current quarter (November 2005 to January 2006)

Sales expectations for the current quarter recorded a decline of six percentage points from the previous quarter.

Expectations for sales growth again varied around the country, with the strongest expectations in the Australian Capital Territory at net 34 per cent, with the weakest sales expectations for the coming quarter being in the Northern Territory.

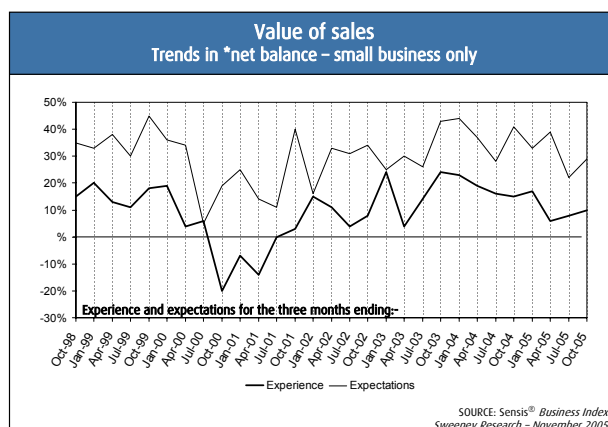
There was also variation in expectations on an industry basis. The strongest expectations for the current quarter were recorded in the manufacturing sector (net balance of 42 per cent). The building and construction sector recorded the lowest level of expectations (net 17 per cent).

Next 12 months (November 2005 to October 2006)

Twelve-month sales expectations rose for the second successive quarter from a net 56 per cent to 60 per cent. The result comprised 68 per cent of businesses that believed sales would rise in the year ahead and eight per cent that thought they would fall. Sales expectations for the year ahead were highest in the Northern Territory.

Value of sales					
	Nov 04	Feb 05	May 05	Aug 05	Nov 05
Last Quarter					
Experienced increase	43%	43%	37%	38%	40%
No change	29%	31%	31%	32%	31%
Experienced decrease	27%	25%	31%	30%	29%
*Net Balance	+16%	+18%	+6%	+8%	+11%
Current Quarter					
Expect increase	50%	50%	42%	47%	45%
No change	34%	38%	37%	41%	40%
Expect decrease	16%	11%	20%	11%	15%
*Net Balance	+34%	+39%	+22%	+36%	+30%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005



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

Employment

Key findings

Employment growth showed solid improvement over the past quarter. This latest improvement in employment performance is reinforced by increasing expectations for both the current quarter and the year ahead. A lack of work or sales remained the number one barrier to employment.

Last quarter (August to October 2005)

SMEs recorded increased growth in employment, with a net five per cent of SMEs increasing their workforce during the quarter. This followed employment growth of a net one per cent in the preceding quarter. This quarter's result comprised 16 per cent of businesses that identified an increase in the size of their workforce, while 11 per cent experienced a decline.

All states and territories recorded net positive proportions of SMEs increasing their employment. The strongest employment results were recorded in Victoria with a strong net balance result of 10 per cent. Queensland had the weakest result at net two per cent.

In terms of barriers to employment, a lack of work or sales was again the most reported impediment to taking on new employees during the quarter (decreased to 21 per cent of those SMEs that believed barriers to increasing employment existed, down from 34 per cent last quarter). Finding skilled staff was identified as the second greatest barrier to employment (down three percentage points to 11 per cent), followed by employment conditions (up two percentage points to nine per cent).

Current quarter (November 2005 to January 2006)

Expectations for employment in the current quarter strengthened to a net 11 per cent, compared to a net result of nine per cent the previous quarter.

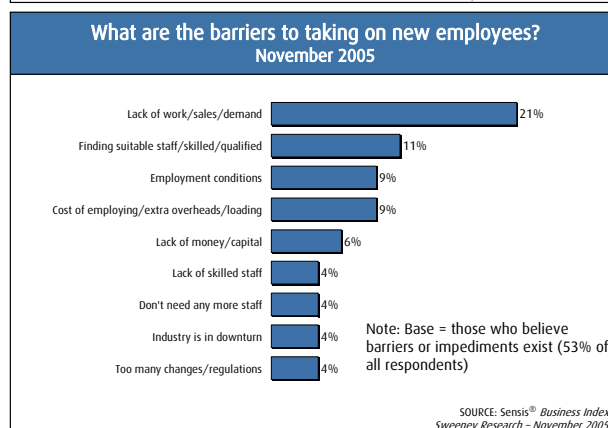
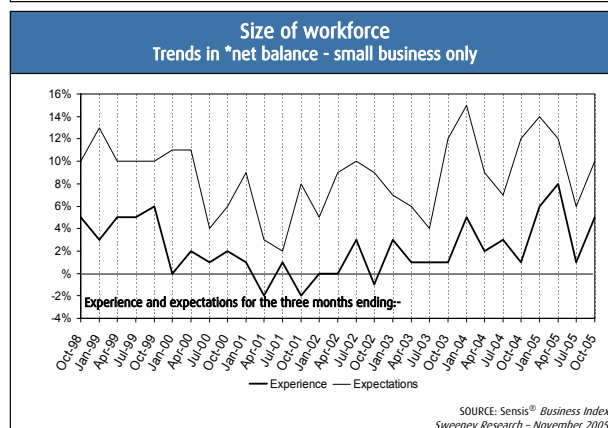
The strongest employment expectations were recorded in South Australia with a net balance result of 17 per cent. On an industry basis, the strongest expectations were again recorded in the accommodation, cafés and restaurants sector (24 per cent).

Next 12 months (November 2005 to October 2006)

There was a further small increase in employment expectations for the year ahead, with a net result of 21 per cent, a one percentage point increase from last quarter. The strongest employment expectations for the year ahead were recorded in Queensland (28 per cent).

Size of workforce					
	Nov 04	Feb 05	May 05	Aug 05	Nov 05
Last Quarter					
Experienced increase	10%	13%	18%	14%	16%
No change	82%	79%	73%	74%	73%
Experienced decrease	8%	7%	10%	13%	11%
*Net Balance	+2%	+6%	+8%	+1%	+5%
Current Quarter					
Expect increase	19%	16%	13%	14%	15%
No change	74%	77%	77%	81%	78%
Expect decrease	5%	3%	7%	5%	4%
*Net Balance	+14%	+13%	+6%	+9%	+11%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005



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

Wages bill

Key findings

Net growth in total wage costs rose during the last quarter to the highest level in two years. Whilst expectations for the current quarter were stable, further growth in wages was anticipated over the year ahead.

Last quarter (August to October 2005)

The most recent quarter saw a strong rise in wage cost trends, with the performance result increasing from a net 11 per cent to a net 18 per cent. This is the highest level in wage growth amongst SMEs since November 2003.

During the quarter, 28 per cent of SMEs experienced a rise in total wage costs, while 10 per cent recorded a decline. SMEs in South Australia recorded the highest increases in total wage costs (net 25 per cent), while the lowest wage pressures were in the Australian Capital Territory (net 13 per cent). The strongest rise in total wage costs was again recorded in the health and community services sector (net 40 per cent, up from net 32 per cent).

Current quarter (November 2005 to January 2006)

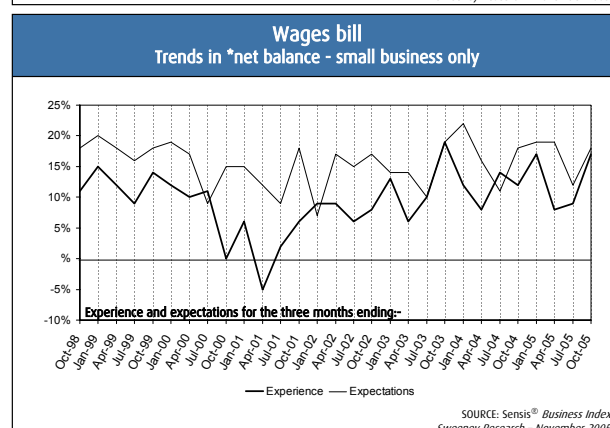
Expectations for total wage costs remained stable at a net 19 per cent for the current quarter. In line with strong employment expectations, the highest wage expectations were in South Australia, with a net balance of 29 per cent of SMEs expecting an increase in their total wages bill in the coming quarter. Those SMEs in the Australian Capital Territory were least likely to be expecting to increase their wages bill in the current quarter (net 12 per cent).

Next 12 months (November 2005 to October 2006)

Expectations for total wage and salary costs increased during the quarter, with a net balance of 42 per cent of businesses expecting a rise in total wage costs in the year ahead. This represented an increase in the net balance trend of four percentage points. The SMEs most likely to be expecting increases to their wages bills were in South Australia. SMEs in the Northern Territory were the least likely to be expecting to increase their total wages bill in the coming year.

Wages bill					
	Nov 04	Feb 05	May 05	Aug 05	Nov 05
Last Quarter					
Experienced increase	26%	27%	24%	25%	28%
No change	56%	57%	58%	59%	58%
Experienced decrease	13%	10%	15%	14%	10%
*Net Balance	+13%	+17%	+9%	+11%	+18%
Current Quarter					
Expect increase	28%	27%	23%	26%	26%
No change	60%	59%	64%	64%	63%
Expect decrease	8%	8%	10%	7%	7%
*Net Balance	+20%	+19%	+13%	+19%	+19%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005



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

Prices

Key findings

The net proportion of SMEs that increased the prices they charged remained unchanged during the past quarter. While there was a fall in price expectations for the current quarter, expectations for price increases in the next 12 months increased to their highest level since the introduction of the Goods and Services Tax.

Last quarter (August to October 2005)

The proportion of businesses that increased prices remained unchanged during the quarter, at a net balance result of 20 per cent. Overall, this result remains relatively high in the recent history of the Sensis® Business Index.

Of all states and territories, the strongest price trends were recorded in the Northern Territory, with a net balance of 32 per cent. The lowest results were recorded in New South Wales, with a net balance of 15 per cent. On an industry basis, the strongest price rises were recorded in the fuel-dependent transport and storage sector, with a net balance result of 38 per cent. The weakest outcome was again recorded in the finance and insurance sector, with a net balance result of negative eight per cent.

Current quarter (November 2005 to January 2006)

Interestingly, expectations for price rises decreased during the quarter to a net balance result of 23 per cent, a decrease of four percentage points since the last quarter. Tasmania recorded the strongest price rise expectations, with a net balance result of 34 per cent, while Victoria recorded the weakest price rise expectations, with a net balance of 18 per cent.

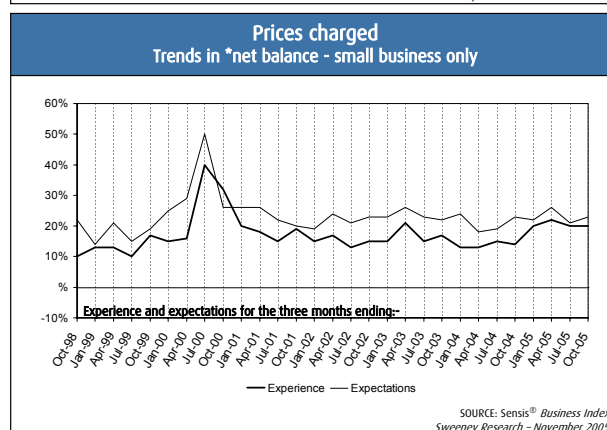
Next 12 months (November 2005 to October 2006)

At a net balance of 54 per cent, expectations for price rises over the coming year increased to the highest level since the introduction of the Goods and Services Tax in July 2000. Year-ahead expectations for price increases were strongest among SMEs in Tasmania and weakest among those in Victoria.

The strongest year-ahead price rise expectations were recorded in the transport and storage sector, with a net balance result of 77 per cent. The weakest selling price expectations were again recorded in the finance and insurance sector (net 22 per cent).

Prices charged					
	Nov 04	Feb 05	May 05	Aug 05	Nov 05
Last Quarter					
Experienced increase	21%	23%	25%	24%	24%
No change	72%	73%	71%	72%	71%
Experienced decrease	7%	3%	4%	4%	4%
*Net Balance	+14%	+20%	+21%	+20%	+20%
Current Quarter					
Expect increase	26%	29%	26%	30%	26%
No change	70%	68%	69%	67%	71%
Expect decrease	4%	3%	5%	3%	3%
*Net Balance	+22%	+26%	+21%	+27%	+23%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005



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

Capital expenditure

Key findings

Capital expenditure was the only indicator to record falls in both performance and short and medium term expectations. However, while performance in capital expenditure remained net negative in the past quarter, it still exceeded expectations.

Last quarter (August to October 2005)

After strong performance in capital expenditure last quarter, performance this quarter returned to net negative territory, recording a result of net negative one per cent of SMEs increasing their investment levels in the past quarter. This represented a decline of seven percentage points in the past quarter, reversing last quarter's improvement. Looking at the annual capital investment cycle for SMEs, this latest results is still marginally lower than at the same time last year.

Capital expenditure growth was again strongest in the Northern Territory, where a net balance result of positive seven per cent of SMEs increased their capital expenditure. The weakest result was again in Tasmania, which recorded a net balance of negative six per cent.

Once again, there was a high degree of variability between the sectors. The strongest capital expenditure performance was again recorded in the accommodation, cafés and restaurants sector (12 per cent net balance), while the weakest result was again in the finance and insurance sector (negative 22 per cent net balance).

Current quarter (November 2005 to January 2006)

The proportion of SMEs expecting to increase their capital expenditure declined for the short term, with a net negative seven per cent of SMEs expecting to increase their capital expenditure. While expectations for the short term were net negative for all states and territories, the strongest result was recorded in Western Australia, with a net balance of negative two per cent. The Northern Territory had the weakest result, recording a net balance of negative 13 per cent.

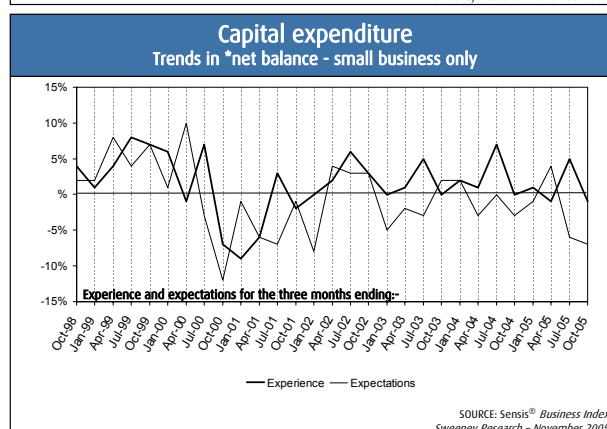
SMEs in the manufacturing sector had the highest expectations (11 per cent), while the wholesale trade sector had the weakest result (net negative 15 per cent).

Next 12 months (November 2005 to October 2006)

Capital expenditure expectations for the year ahead also fell during the quarter, with the net balance result decreasing two percentage points to 14 per cent. The strongest capital expenditure expectations were recorded in Tasmania (net 21 per cent).

Capital expenditure					
	Nov 04	Feb 05	May 05	Aug 05	Nov 05
Last Quarter					
Experienced increase	23%	24%	25%	27%	24%
No change	52%	50%	47%	49%	46%
Experienced decrease	23%	23%	26%	21%	25%
*Net Balance	0%	+1%	-1%	+6%	-1%
Current Quarter					
Expect increase	25%	28%	22%	22%	21%
No change	49%	47%	48%	50%	47%
Expect decrease	25%	24%	28%	24%	28%
*Net Balance	0%	+4%	-6%	-2%	-7%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005



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

Profitability

Key findings

In line with improving sales, the proportion of SMEs reporting increased profitability in the past quarter also improved. However, while SMEs were expecting some decline in profitability in the short term, expectations continued to improve for the year ahead.

Last quarter (August to October 2005)

Profitability performance rose during the quarter, with a net balance result of five per cent. This result was an improvement of two percentage points from last quarter's net balance result of three per cent.

SMEs in the Northern Territory again recorded the best profit performance during the quarter, with a net balance of 28 per cent. SMEs in New South Wales recorded the weakest performance, at net negative five per cent, the only state where more SMEs experienced a decrease in their profitability than an increase. The strongest performance by industry was in the health and community services sector, recording a net balance result of 19 per cent. SMEs in metropolitan areas experienced higher profitability than their regional counterparts.

Current quarter (November 2005 to January 2006)

Profitability expectations for the current quarter displayed considerable softening. Overall, 41 per cent of businesses expected an increase in profitability for the quarter compared to 18 per cent that expected a decline. The net balance result of 23 per cent was a decrease of six percentage points from the result of 29 per cent last quarter.

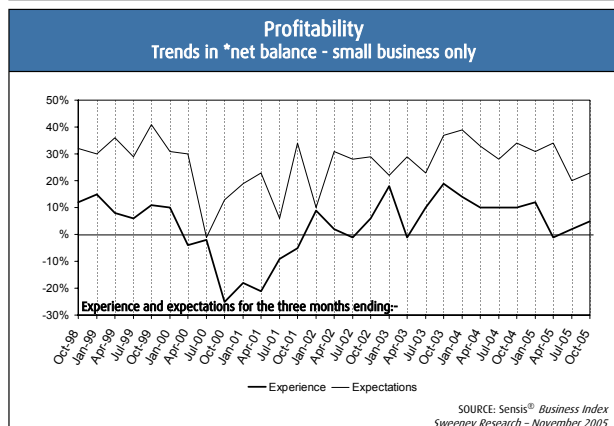
The manufacturing sector recorded the highest profitability expectations of any sector, with a net balance of 37 per cent. The weakest expectations were recorded in the finance and insurance sector, with a net balance result of four per cent. SMEs in the Australian Capital Territory had the highest net profitability expectations of any state or territory.

Next 12 months (November 2005 to October 2006)

Expectations for profitability for the medium term improved, with a net balance result of 54 per cent of SMEs expecting increased profitability in the year ahead. The strongest profit expectations for the year ahead were again recorded in the communication, property and business services sector, with a net balance of 72 per cent. The weakest profit expectations were in the building and construction sector, which recorded a net balance of 36 per cent for the year ahead.

Profitability					
	Nov 04	Feb 05	May 05	Aug 05	Nov 05
Last Quarter					
Experienced increase	38%	36%	32%	34%	35%
No change	33%	39%	35%	35%	35%
Experienced decrease	28%	24%	33%	31%	30%
*Net Balance	+10%	+12%	-1%	+3%	+5%
Current Quarter					
Expect increase	47%	46%	39%	44%	41%
No change	37%	41%	41%	40%	41%
Expect decrease	16%	12%	20%	15%	18%
*Net Balance	+31%	+34%	+19%	+29%	+23%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005



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

Exports

Key findings

The proportion of SMEs that exported goods in the past quarter remained stable, however the proportion of SMEs reporting an increase in the value of their exports decreased sharply.

Last quarter (August to October 2005)

Twelve per cent of SMEs reported they had exported in the past quarter, which was unchanged from the previous quarter's result. Increasing proportions of SMEs in New South Wales reported having exported in the past quarter, balancing declines in most other states and territories.

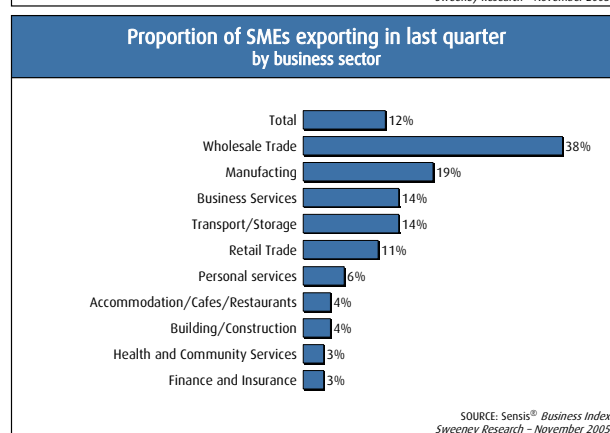
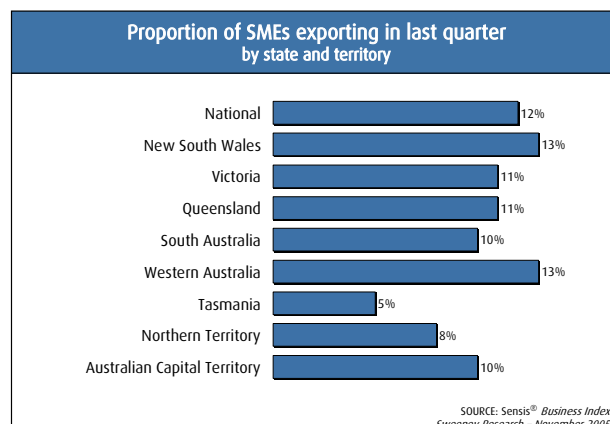
SMEs that had significant growth plans were again far more likely to export than those with no plans for growth (23 per cent compared to eight per cent). SMEs in metropolitan areas were over twice as likely to export as their regional counterparts (14 per cent compared to six per cent).

SMEs in the wholesale trade sector were again the most likely to have exported in the past quarter, however, participation in that sector decreased marginally from 40 per cent to 38 per cent. SMEs in the finance and insurance and health and community services sectors reported the lowest level of export activity in the past quarter.

While the proportion of SMEs exporting over the last quarter remained stable, there was a significant drop in the net proportion of exporting SMEs that reported an increase in the value of their exports. A net balance of five per cent reported an increase in the value of the goods and services exported in the past quarter, down from last quarter's net balance of 25 per cent.

And while the net proportion of exporting SMEs that increased the value of their exports fell, further falls were anticipated in both the current quarter and the coming year. The net proportion of SMEs expecting to increase the value of their exports in the current quarter fell marginally from a net 11 per cent to a net 10 per cent.

While some 12 per cent of SMEs nominated that they had exported, some 16 per cent nationally reported having imported goods or services in the past quarter. Mirroring exports, the highest concentration of importing businesses were in New South Wales and Western Australia. The wholesale trade sector was also responsible for the bulk of imports. It is interesting to note that while air and sea freight were used by similar proportions of exporters to deliver their goods, those SMEs that used imports had a much higher reliance on sea freight, emphasising the importance of efficient ports and infrastructure to the health of the SME sector.

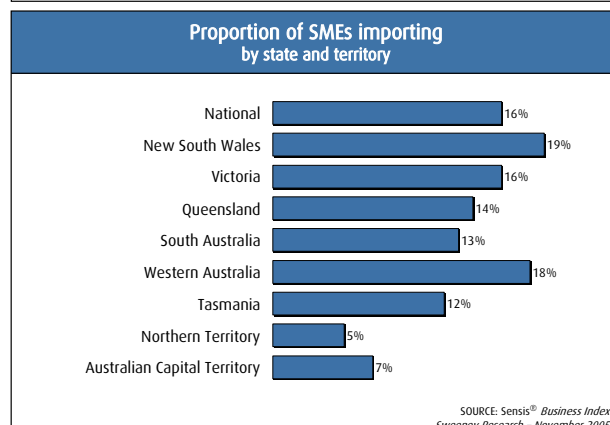


Value of exports - trends

	Nov 04	Feb 05	May 05	Aug 05	Nov 05
Last Quarter					
Experienced increase	35%	28%	30%	37%	33%
No change	50%	57%	51%	51%	39%
Experienced decrease	15%	16%	19%	12%	28%
*Net Balance	+20%	+12%	+11%	+25%	+5%
Current Quarter					
Expect increase	36%	34%	36%	29%	30%
No change	52%	52%	50%	53%	50%
Expect decrease	12%	14%	14%	18%	20%
*Net Balance	+24%	+20%	+22%	+11%	+10%
Next 12 months					
Expect increase	50%	51%	48%	55%	48%
No change	44%	39%	40%	38%	38%
Expect decrease	6%	10%	11%	7%	14%
*Net Balance	+44%	+41%	+37%	+48%	+34%

Base: Exported goods or services overseas in last three months

SOURCE: Sensis® Business Index Sweeney Research – November 2005



Assessment of Federal Government policies

Key findings

Support among SMEs for the Federal Government remained exceptionally strong in the past quarter despite a marginal fall to net positive nine per cent. Support for the Federal Government amongst SMEs has now been net positive for four out of the last five quarters.

Last quarter (August to October 2005)

The net balance result of a positive nine per cent approval rating upheld the strength of the Federal Government's standing within the Australian SME sector. Despite a marginal decline on one percentage point, the Federal Government's result has now been net positive for four out of the last five quarters. At the Federal level, this has never been previously achieved in the history of the Sensis® Business Index. The result comprised 35 per cent of businesses that were supportive of the Federal Government's small business policies, compared to 26 per cent that were not supportive.

The strongest support for the Federal Government's policies again occurred in the Northern Territory, where businesses recorded a positive 27 per cent net balance. The region that was most critical of the Federal Government's small business policies was again the Australian Capital Territory, with a net balance result of negative five per cent.

SMEs in regional areas were slightly more supportive of the Federal Government than those in metropolitan areas. Medium businesses were again far more supportive of the Federal Government than small businesses, and businesses aiming for significant growth were also much more supportive than those businesses that were not aiming for growth.

The Federal Government's industrial relations policies were again by far the main reason that SMEs gave for believing that the Federal Government was trying to help small business. This view was particularly strong among SMEs in Tasmania and New South Wales. The belief that the Federal Government was trying to help small businesses was again the next most frequent response.

The key reasons that SMEs believed the Federal Government's policies worked against them were the belief that the Federal Government was only concerned with big business, the level of paperwork and the amount of bureaucracy and red tape. While industrial relations reform was certainly a positive for the Federal Government among its small business constituents, there were also some businesses that had concerns about possible backlashes from the changes, however, these concerns were at much lower levels.

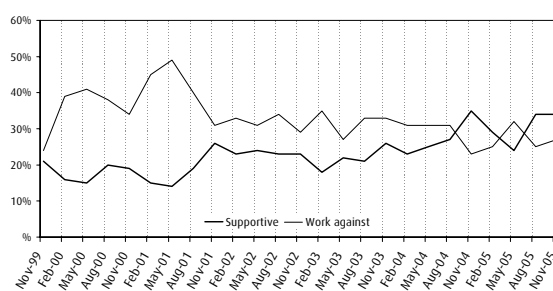
Attitudes to Federal Government policies
past five quarters

	Nov 04	Feb 05	May 05	Aug 05	Nov 05
Supportive	36%	30%	25%	34%	35%
Work against	23%	24%	31%	24%	26%
No impact	41%	46%	44%	41%	39%
*Net Balance	+13%	+6%	-6%	+10%	+9%

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

SOURCE: Sensis® Business Index
Sweeney Research – November 2005

Attitudes to Federal Government policies
Long-term trends - small business only



SOURCE: Sensis® Business Index
Sweeney Research – November 2005

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

Assessment of state government policies

Key findings

With continued growth in support among the SME community, the Northern Territory Government was the most popular state or territory government in Australia among SMEs. And despite a marginal rise in support, the New South Wales remained the least popular state or territory government among SMEs, for the seventh successive quarter.

Last quarter (August to October 2005)

The Northern Territory Government recorded the highest approval rating from SMEs at net positive 10 per cent. For the Northern Territory, the result was up from seven per cent last quarter. The perception that the Northern Territory Government was trying to help small business was the main reason given by SMEs for their support.

Apart from the Northern Territory, the only other government to score a net positive rating was the Tasmanian Government. The Tasmanian Government recorded the largest fall in support in the latest quarter, and this is the first quarter since May 2002 that the Tasmanian Government has not been the most supported government by SMEs in Australia.

Following on from some very low results, the largest rise in support in the last quarter was for the Victorian Government, where support increased by a net seven percentage points to a net negative 18 per cent. The main reason that SMEs gave for their support was the Government's small business management training programs.

Despite rising a marginal one percentage point in its rating, the New South Wales Government was still by far the least supported government among SMEs. The rating of a net negative 39 per cent is the fourth lowest rating on record of any state or territory government, with all four of these ratings being held by the New South Wales Government. It is the seventh successive quarter that the New South Wales Government has recorded the lowest result of any state or territory government. The key reasons that SMEs gave for not supporting the New South Wales Government were bureaucracy, a lack of incentives for small business and environmental regulations.

Attitudes to state or territory government policies November 2005								
	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Supportive	10%	14%	24%	24%	14%	28%	36%	22%
Work against	49%	32%	29%	28%	37%	27%	26%	26%
No impact	40%	54%	47%	48%	49%	45%	39%	51%
*Net Balance	-39%	-16%	-5%	-4%	-23%	+1%	+10%	-4%

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

SOURCE: Sensis® Business Index
Sweeney Research – November 2005

Attitudes to state or territory government policies Trends in *net balance					
	Nov 2004	Feb 2005	May 2005	Aug 2005	Nov 2005
New South Wales	-37%	-43%	-47%	-40%	-39%
Victoria	-21%	-32%	-32%	-25%	-16%
Queensland	-4%	+1%	-2%	-1%	-5%
South Australia	-12%	-9%	-11%	-1%	-4%
Western Australia	-33%	-21%	-35%	-20%	-23%
Tasmania	+26%	+6%	+1%	+11%	+1%
Northern Territory	-4%	-8%	-18%	+7%	+10%
Australian Capital Territory	-11%	+6%	-7%	+2%	-4%

SOURCE: Sensis® Business Index
Sweeney Research – November 2005

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

Workplace relations

Perceived impact of proposed changes to workplace relations environment

The August 2005 Sensis® Business Index examined the views of the SME community on the Australian workplace relations system, focussing on the debate surrounding the proposed changes to the system. At that stage, the Federal Government had not embarked on its advertising campaign on the changes. This latest data collected as part of the November 2005 Sensis® Business Index covers the views of SME operators after the Government's advertising campaign, looking at the impact of that campaign on the perceptions of SMEs.

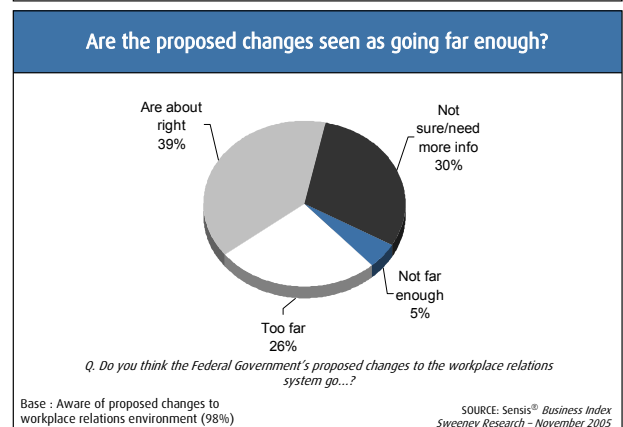
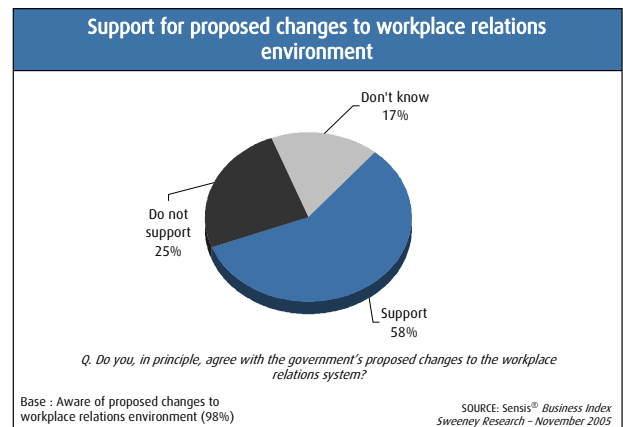
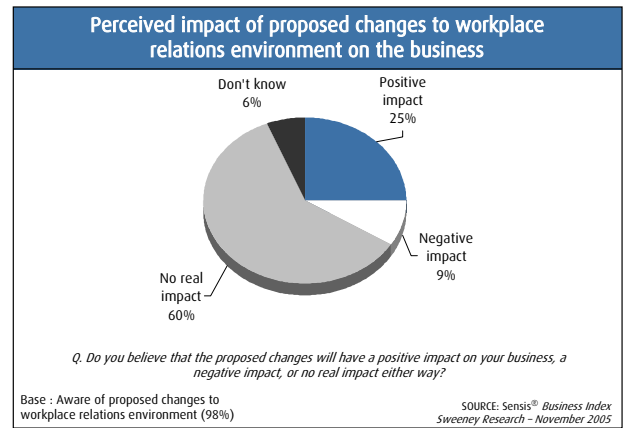
The November 2005 Sensis® Business Index found that, overall, some 98 per cent of SME operators felt that they were aware of the debate surrounding proposed changes to the workplace relations system, an increase from 87 per cent in August. Of those SMEs that noted some level of awareness, some 60 per cent felt that the changes currently being debated would not have any real impact on their businesses, down marginally from 61 per cent last quarter, with 26 per cent believing that they would have a positive impact on their business, down from 28 per cent, and nine per cent feeling that they would have a negative impact (up from six per cent).

The main reasons that SMEs felt the proposed changes would have a positive impact were that it would be easier to dismiss employees; it would be easier to employ staff; and because of concerns about the current unfair dismissal provisions. The main negative impacts included a belief that the information surrounding the changes had been unclear and they hadn't been able to find out exactly what was happening; that it would make their employees insecure; and that it would create more problems for small businesses.

Support for the changes was also relatively unchanged since the last survey, with support levels among SMEs falling a marginal one percentage point to 58 per cent. The proportion of SMEs that did not support the changes in principle also fell by three percentage points to 25 per cent.

There was some divergence as to the appropriateness of the proposed changes. Some 39 per cent of SMEs felt that they were about right, with over one in four (26 per cent) feeling that they went too far. Only five per cent felt that they did not go far enough.

Seven out of 10 SMEs noted that they currently faced no problems with the current workplace relations environment. The most common problem currently faced was a concern over unfair dismissals issues, as well as being discouraged from hiring staff, and difficulty firing staff. Seven out of 10 SMEs also stated that they had no intention of making any changes once the legislation was passed, with the most common change being an intention to hire more staff.



Small and medium business outlook – National

- Business confidence was unchanged during the quarter;
- perceptions of the current state of the economy improved during the quarter, however, expectations for the economy over the coming year recorded a fall;
- sales performance improved in the past quarter;
- employment growth improved, following a fall in the previous quarter;
- capital expenditure was net negative, but still exceeded expectations;
- profitability improved during the past quarter, in line with sales performance; and,
- support for the Federal Government's policies fell marginally, however, was a very strong net positive nine per cent.

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

	NOV 2004 %	FEB 2005 %	MAY 2005 %	AUG 2005 %	NOV 2005 %
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS					
POSITIVE	74	71	67	69	68
NEGATIVE	12	12	15	14	13
NET BALANCE	+62	+59	+52	+55	+55

TOTAL SMALL AND MEDIUM BUSINESS – NATIONAL	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
	AUG- OCT 04 %	NOV- JAN 04/05 %	FEB- APR 05 %	MAY- JUL 05 %	AUG- OCT 05 %	NOV- JAN 04/05 %	FEB- APR 05 %	MAY- JUL 05 %	AUG- OCT 05 %	NOV- JAN 05/06 %
SALES VALUE:										
INCREASE	43	43	37	38	40	50	50	42	47	45
DECREASE	27	25	31	30	29	16	11	20	11	15
NET BALANCE	+16	+18	+6	+8	+11	+34	+39	+22	+36	+30
SIZE OF WORKFORCE:										
INCREASE	10	13	18	14	16	19	16	13	14	15
DECREASE	8	7	10	13	11	5	3	7	5	4
NET BALANCE	+2	+6	+8	+1	+5	+14	+13	+6	+9	+11
WAGES BILL:										
INCREASE	26	27	24	25	28	28	27	23	26	26
DECREASE	13	10	15	14	10	8	8	10	7	7
NET BALANCE	+13	+17	+9	+11	+18	+20	+19	+13	+19	+19
PRICES:										
INCREASE	21	23	25	24	24	26	29	26	30	26
DECREASE	7	3	4	4	4	4	3	5	3	3
NET BALANCE	+14	+20	+21	+20	+20	+22	+26	+21	+27	+23
PROFITABILITY:										
INCREASE	38	36	32	34	35	47	46	39	44	41
DECREASE	28	24	33	31	30	16	12	20	15	18
NET BALANCE	+10	+12	-1	+3	+5	+31	+34	+19	+29	+23
CAPITAL EXPENDITURE:										
INCREASE	23	24	25	27	24	25	28	22	22	21
DECREASE	23	23	26	21	25	25	24	28	24	28
NET BALANCE	0	+1	-1	+6	-1	0	+4	-6	-2	-7

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

Small and medium business outlook – New South Wales

- Business confidence fell during the quarter to be the lowest of any state or territory;
- New South Wales was the only state or territory in which SMEs recorded a net negative growth in sales during the quarter;
- SMEs in New South Wales recorded average net growth in employment during the past quarter;
- short term expectations for profitability were the lowest of any state or territory, with New South Wales recording the only net negative result;
- SMEs in New South Wales recorded the lowest levels of expectations for the coming quarter for employment and profitability; and,
- support for the policies of the New South Wales Government improved marginally but remained at the lowest level for any state or territory government for the seventh successive quarter.

Trends in past three months' experience and current quarter expectations – New South Wales					
	NOV 2004	FEB 2005	MAY 2005	AUG 2005	NOV 2005
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	%	%	%	%	%
POSITIVE	70	61	62	67	63
NEGATIVE	15	16	17	16	18
NET BALANCE	+55	+45	+45	+51	+45

TOTAL SMALL AND MEDIUM BUSINESS – NEW SOUTH WALES	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-					
	AUG-OCT 04	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 05/06	
	%	%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	39	41	32	39	35	50	50	35	46	42
	DECREASE	34	30	32	34	37	18	11	22	12	44
	NET BALANCE	+5	+11	0	+5	-2	+32	+39	+13	+34	+28
SIZE OF WORKFORCE:	INCREASE	10	14	19	12	18	20	12	10	11	13
	DECREASE	10	5	10	14	13	4	3	11	7	5
	NET BALANCE	0	+9	+9	-2	+5	+16	+9	-1	+4	+8
WAGES BILL:	INCREASE	25	25	21	24	27	27	22	19	22	24
	DECREASE	16	12	17	19	13	8	11	12	10	8
	NET BALANCE	+9	+13	+4	+5	+14	+19	+11	+7	+12	+16
PRICES:	INCREASE	18	22	23	20	21	19	26	28	29	26
	DECREASE	9	2	2	4	6	7	5	5	4	3
	NET BALANCE	+9	+20	+21	+16	+15	+12	+21	+23	+25	+23
PROFITABILITY:	INCREASE	35	32	25	34	32	48	48	32	42	37
	DECREASE	34	29	38	35	37	20	13	19	16	19
	NET BALANCE	+1	+3	-13	-1	-5	+28	+35	+13	+26	+18
CAPITAL EXPENDITURE:	INCREASE	22	22	23	26	25	24	26	20	19	20
	DECREASE	24	22	28	17	24	27	27	32	28	31
	NET BALANCE	-2	0	-5	+9	+1	-3	-1	-12	-9	-11

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

Small and medium business outlook – Victoria

- Business confidence improved during the quarter, but remained below the national average;
- sales performance improved during the quarter to be in line with the national average;
- Victoria recorded the highest net employment growth among SMEs of any state or territory;
- capital expenditure continued to soften in Victoria in the past quarter, becoming net negative;
- profitability among Victorian SMEs improved to be above the national average;
- Victorian SMEs held the lowest expectations for employment and capital expenditure for the year ahead of any state or territory; and,
- SME support for the Victorian Government improved strongly during the quarter with the Victorian Government now the third least supported of any state or territory government.

Trends in past three months' experience and current quarter expectations – Victoria						
		NOV 2004	FEB 2005	MAY 2005	AUG 2005	NOV 2005
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS		%	%	%	%	%
POSITIVE		75	70	64	61	63
NEGATIVE		13	14	18	18	12
NET BALANCE		+62	+56	+46	+43	+51

TOTAL SMALL AND MEDIUM BUSINESS – VICTORIA		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		AUG- OCT 04	NOV- JAN 04/05	FEB- APR 05	MAY- JUL 05	AUG- OCT 05	NOV- JAN 04/05	FEB- APR 05	MAY- JUL 05	AUG- OCT 05	NOV- JAN 05/06
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	42	41	37	34	40	53	52	46	50	47
	DECREASE	27	29	34	31	29	14	11	22	8	15
	NET BALANCE	+15	+12	+3	+3	+11	+39	+41	+24	+42	+32
SIZE OF WORKFORCE:	INCREASE	10	12	16	14	17	22	21	15	15	13
	DECREASE	9	10	8	15	7	5	4	6	4	5
	NET BALANCE	+1	+2	+8	-1	+10	+17	+17	+9	+11	+8
WAGES BILL:	INCREASE	24	28	23	24	28	34	37	25	25	24
	DECREASE	13	11	13	12	9	7	6	8	6	7
	NET BALANCE	+11	+17	+10	+12	+19	+27	+31	+17	+19	+17
PRICES:	INCREASE	23	21	28	26	24	32	31	26	27	21
	DECREASE	7	3	5	6	5	3	3	7	3	3
	NET BALANCE	+16	+18	+23	+20	+19	+29	+28	+19	+24	+18
PROFITABILITY:	INCREASE	38	35	33	27	37	49	49	44	45	39
	DECREASE	28	27	34	31	28	14	11	20	18	17
	NET BALANCE	+10	+8	-1	-4	+9	+35	+38	+24	+27	+22
CAPITAL EXPENDITURE:	INCREASE	21	27	27	23	21	28	29	25	25	17
	DECREASE	22	22	24	23	25	22	22	27	17	23
	NET BALANCE	-1	+5	+3	0	-4	+6	+7	-2	+8	-6

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

Small and medium business outlook – Queensland

- Business confidence rose during the quarter to be the highest of any state or territory;
- Queensland SMEs reported performance ahead of the national average in all indicators in the past quarter, with the exception of employment;
- Queensland SMEs recorded declining employment performance, at the lowest level of any state or territory, however expectations for employment for the year ahead were the highest of any state or territory;
- performance in sales rose strongly at a level over twice the national average;
- performance in capital expenditure fell sharply in the past quarter but remained above the national average; and,
- SME support for the Queensland Government fell during the quarter, due to perceived high levels of bureaucracy.

Trends in past three months' experience and current quarter expectations – Queensland					
	NOV 2004	FEB 2005	MAY 2005	AUG 2005	NOV 2005
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	%	%	%	%	%
POSITIVE	81	79	77	76	78
NEGATIVE	8	6	12	8	8
NET BALANCE	+73	+73	+65	+68	+70

TOTAL SMALL AND MEDIUM BUSINESS – QUEENSLAND	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
	AUG-OCT 04	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 05/06
	%	%	%	%	%	%	%	%	%	%
SALES VALUE: INCREASE	49	44	44	40	45	43	50	50	44	45
DECREASE	18	18	30	29	22	17	12	15	12	17
NET BALANCE	+31	+26	+14	+11	+23	+26	+38	+35	+32	+28
SIZE OF WORKFORCE: INCREASE	7	18	19	15	14	15	18	18	14	18
DECREASE	8	7	8	9	12	6	4	6	3	4
NET BALANCE	-1	+11	+11	+6	+2	+9	+14	+12	+11	+14
WAGES BILL: INCREASE	31	32	29	26	26	23	26	27	27	25
DECREASE	9	7	13	12	7	10	9	9	5	7
NET BALANCE	+22	+25	+16	+14	+19	+13	+17	+18	+22	+18
PRICES: INCREASE	22	25	27	24	26	27	30	21	34	30
DECREASE	5	5	4	4	4	3	2	4	1	4
NET BALANCE	+17	+20	+23	+20	+22	+24	+28	+17	+33	+26
PROFITABILITY: INCREASE	42	35	38	36	35	42	39	46	42	42
DECREASE	20	20	28	29	26	15	12	18	12	17
NET BALANCE	+22	+15	+10	+7	+9	+27	+27	+28	+30	+25
CAPITAL EXPENDITURE: INCREASE	26	24	28	31	24	22	30	21	22	23
DECREASE	21	25	22	22	24	26	19	21	27	26
NET BALANCE	+5	-1	+6	+9	0	-4	+11	+0	-5	-3

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

Small and medium business outlook – South Australia

- Business confidence declined during the quarter but remained above the national average;
- sales performance improved during the quarter to be over twice the national average;
- SMEs reported a marginal net improvement in employment growth in South Australia, however, at a level slightly below the national average;
- the proportion of SMEs that faced an increased wages bill during the quarter was the highest of any state or territory, with expectations for the current quarter and the coming year also the highest of any state or territory;
- prices pressure remained constant at a level well above the national average, in line with increased wage pressure inflationary risks remain high in South Australia;
- South Australian SMEs reported the highest level of expectations for employment for the year ahead of any state or territory but the lowest expectations for capital expenditure; and,
- support for the South Australian Government fell during the quarter, on the back of perceived high levels of government costs and charges.

Trends in past three months' experience and current quarter expectations – South Australia					
	NOV 2004	FEB 2005	MAY 2005	AUG 2005	NOV 2005
	%	%	%	%	%
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS					
POSITIVE	76	78	70	78	74
NEGATIVE	7	10	11	8	8
NET BALANCE	+69	+68	+59	+70	+66

TOTAL SMALL AND MEDIUM BUSINESS – SOUTH AUSTRALIA		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		AUG-OCT 04	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 05/06
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	48	49	41	40	50	54	46	45	43	48
	DECREASE	20	21	24	23	25	12	13	18	17	15
	NET BALANCE	+28	+28	+17	+17	+25	+42	+33	+27	+26	+33
SIZE OF WORKFORCE:	INCREASE	11	8	15	12	14	14	15	12	15	20
	DECREASE	8	9	11	9	10	3	4	3	6	3
	NET BALANCE	+3	-1	+4	+3	+4	+11	+11	+9	+9	+17
WAGES BILL:	INCREASE	28	29	25	23	33	27	26	23	23	36
	DECREASE	9	9	11	9	8	5	9	6	10	7
	NET BALANCE	+19	+20	+14	+14	+25	+22	+17	+17	+13	+29
PRICES:	INCREASE	26	30	34	30	30	27	28	28	27	28
	DECREASE	1	4	3	2	1	2	4	3	3	3
	NET BALANCE	+25	+26	+31	+28	+29	+25	+24	+25	+24	+25
PROFITABILITY:	INCREASE	43	47	38	36	47	51	46	41	53	46
	DECREASE	19	17	23	23	25	12	12	18	10	17
	NET BALANCE	+24	+30	+15	+13	+22	+39	+34	+23	+43	+29
CAPITAL EXPENDITURE:	INCREASE	28	22	24	30	25	22	25	22	21	26
	DECREASE	22	32	25	19	28	26	25	27	27	31
	NET BALANCE	+6	-10	-1	+11	-3	-4	0	-5	-6	-5

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

Small and medium business outlook – Western Australia

- Business confidence fell during the quarter, but remained above the national average;
- all performance indicators for Western Australian SMEs were above the national average;
- sales performance improved during the quarter;
- employment recorded solid net growth during the quarter;
- profitability fell during the quarter, but remained above the national average;
- SMEs in Western Australia recorded net positive performance in capital expenditure; and held the highest capital expenditure expectations for the current quarter of any state or territory; and
- support for the Western Australian Government fell to be the second least supported government in Australia.

Trends in past three months' experience and current quarter expectations – Western Australia						
		NOV 2004	FEB 2005	MAY 2005	AUG 2005	NOV 2005
		%	%	%	%	%
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS						
POSITIVE		69	80	67	76	75
NEGATIVE		13	9	16	8	12
NET BALANCE		+56	+71	+51	+68	+63

TOTAL SMALL AND MEDIUM BUSINESS – WESTERN AUSTRALIA		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		AUG-OCT 04	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 05/06
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	44	47	38	41	41	50	51	40	50	48
	DECREASE	24	20	27	23	22	18	10	22	11	18
	NET BALANCE	+20	+27	+11	+18	+19	+32	+41	+18	+39	+30
SIZE OF WORKFORCE:	INCREASE	13	9	14	15	17	16	12	14	18	15
	DECREASE	6	7	18	10	10	6	2	5	2	4
	NET BALANCE	+7	+2	-4	+5	+7	+10	+10	+9	+16	+11
WAGES BILL:	INCREASE	29	26	23	29	32	23	24	23	39	31
	DECREASE	14	9	18	11	10	7	5	10	4	4
	NET BALANCE	+15	+17	+5	+18	+22	+16	+19	+13	+35	+27
PRICES:	INCREASE	24	26	17	28	32	34	32	32	34	30
	DECREASE	2	5	4	5	2	1	1	2	2	1
	NET BALANCE	+22	+21	+13	+23	+30	+33	+31	+30	+32	+29
PROFITABILITY:	INCREASE	40	42	32	43	38	42	47	37	49	47
	DECREASE	28	18	29	24	22	17	12	23	13	14
	NET BALANCE	+12	+24	+3	+19	+16	+25	+35	+14	+36	+33
CAPITAL EXPENDITURE:	INCREASE	24	19	22	26	29	24	26	21	27	28
	DECREASE	29	23	29	26	27	24	26	29	21	30
	NET BALANCE	-5	-4	-7	0	+2	0	0	-8	+6	-2

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

Small and medium business outlook – Tasmania

- Business confidence remained stable at a level above the national average;
- sales performance continued to decline during the quarter;
- Tasmanian SMEs reported the lowest performance of any state or territory for capital expenditure in the past quarter;
- Tasmanian SMEs reported the highest expectations for the coming quarter of any state or territory for wages bills;
- Tasmanian SMEs reported the lowest expectations for sales and profitability for the year ahead of any state or territory, with the highest expectations for wages and prices; and
- support for the Tasmanian Government's policies fell during the quarter to be the second highest of any state or territory government.

Trends in past three months' experience and current quarter expectations – Tasmania					
	NOV 2004	FEB 2005	MAY 2005	AUG 2005	NOV 2005
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	%	%	%	%	%
POSITIVE	78	79	67	74	74
NEGATIVE	6	7	6	12	12
NET BALANCE	+72	+72	+61	+62	+62

TOTAL SMALL AND MEDIUM BUSINESS – TASMANIA		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		AUG-OCT 04	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 05/06
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	41	57	42	35	34	54	39	28	40	44
	DECREASE	24	18	31	29	30	10	14	22	9	14
	NET BALANCE	+17	+39	+11	+6	+4	+44	+25	+6	+31	+30
SIZE OF WORKFORCE:	INCREASE	14	18	18	8	16	12	14	11	12	14
	DECREASE	7	6	11	18	11	1	2	9	8	4
	NET BALANCE	+7	+12	+7	-10	+5	+11	+12	+2	+4	+10
WAGES BILL:	INCREASE	21	30	29	23	30	33	20	17	17	25
	DECREASE	10	5	16	17	14	4	3	15	11	6
	NET BALANCE	+11	+25	+13	+6	+16	+29	+17	+2	+6	+19
PRICES:	INCREASE	29	25	22	21	27	31	27	21	26	35
	DECREASE	4	3	1	11	3	3	1	3	3	1
	NET BALANCE	+25	+22	+21	+10	+24	+28	+26	+18	+23	+34
PROFITABILITY:	INCREASE	37	43	37	29	33	53	40	30	40	41
	DECREASE	21	14	29	28	28	8	10	21	14	17
	NET BALANCE	+16	+29	+8	+1	+5	+45	+30	+9	+26	+24
CAPITAL EXPENDITURE:	INCREASE	28	28	27	25	21	27	26	32	31	24
	DECREASE	21	25	25	30	27	21	25	27	25	28
	NET BALANCE	+7	+3	+2	-5	-6	+6	+1	+5	+6	-4

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

Small and medium business outlook – Northern Territory

- The Northern Territory recorded the second highest level of business confidence of any state or territory, despite a fall during the past quarter;
- SMEs in the Northern Territory recorded the highest performance in sales and profitability of any state or territory;
- SMEs in the Northern Territory recorded the lowest expectations for sales, employment and capital expenditure for the current quarter;
- despite these falls in short term expectations, SMEs in the Northern Territory still held the highest expectations for sales and profitability for the year ahead; and,
- in line with continued strong performance in the past quarter, support for the Northern Territory Government continued to rise to become the most supported government by SMEs.

Trends in past three months' experience and current quarter expectations – Northern Territory					
	NOV 2004	FEB 2005	MAY 2005	AUG 2005	NOV 2005
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	%	%	%	%	%
POSITIVE	78	78	76	80	76
NEGATIVE	9	7	10	7	9
NET BALANCE	+69	+71	+66	+73	+67

TOTAL SMALL AND MEDIUM BUSINESS – NORTHERN TERRITORY		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		AUG-OCT 04	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 05/06
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	52	47	50	62	53	46	51	56	48	41
	DECREASE	22	21	22	12	13	16	17	12	14	25
	NET BALANCE	+30	+26	+28	+50	+40	+30	+34	+44	+34	+16
SIZE OF WORKFORCE:	INCREASE	17	7	19	20	13	15	26	28	24	16
	DECREASE	9	9	11	11	10	7	3	4	4	8
	NET BALANCE	+8	-2	+8	+9	+3	+8	+23	+24	+20	+8
WAGES BILL:	INCREASE	36	32	33	41	30	22	24	36	35	26
	DECREASE	9	12	13	7	7	10	10	5	11	10
	NET BALANCE	+27	+20	+20	+34	+23	+12	+14	+31	+24	+16
PRICES:	INCREASE	21	22	28	28	33	24	30	29	32	29
	DECREASE	4	7	1	1	1	5	1	2	1	4
	NET BALANCE	+17	+15	+27	+27	+32	+19	+29	+27	+31	+25
PROFITABILITY:	INCREASE	49	44	43	55	44	43	49	55	48	41
	DECREASE	19	20	21	12	16	18	14	15	12	20
	NET BALANCE	+30	+24	+22	+43	+28	+25	+35	+40	+36	+21
CAPITAL EXPENDITURE:	INCREASE	36	30	30	37	32	25	26	33	23	22
	DECREASE	15	22	19	17	25	28	29	20	27	35
	NET BALANCE	+7	+21	+8	+20	+7	-3	-3	+13	-4	-13

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

Small and medium business outlook – Australian Capital Territory

- Business confidence improved during the quarter and was above the national average;
- wages pressure was low in the Australian Capital Territory, with the lowest net balance recorded in performance in the past quarter, as well as for expectations for the current quarter;
- sales performance was strong in the Australian Capital Territory, increasing to a level well above the national average;
- SMEs in the Australian Capital Territory were expecting strong conditions to continue, recording the highest expectations for the current quarter in both sales and profitability;
- the Australian Capital Territory Government registered a fall in support from the SME community during the quarter.

Trends in past three months' experience and current quarter expectations – Australian Capital Territory					
	NOV 2004	FEB 2005	MAY 2005	AUG 2005	NOV 2005
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	%	%	%	%	%
POSITIVE	80	80	70	72	75
NEGATIVE	5	7	12	14	11
NET BALANCE	+75	+73	+58	+58	+64

TOTAL SMALL AND MEDIUM BUSINESS – AUSTRALIAN CAPITAL TERRITORY		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		AUG-OCT 04	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 04/05	FEB-APR 05	MAY-JUL 05	AUG-OCT 05	NOV-JAN 05/06
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	42	42	39	30	42	59	55	46	46	49
	DECREASE	30	22	36	26	24	16	9	17	19	15
	NET BALANCE	+12	+20	+3	+4	+18	+43	+46	+29	+27	+34
SIZE OF WORKFORCE:	INCREASE	11	10	16	20	18	16	22	17	19	15
	DECREASE	6	5	13	11	12	1	5	5	4	6
	NET BALANCE	+5	+5	+3	+9	+6	+15	+17	+12	+15	+9
WAGES BILL:	INCREASE	27	22	25	20	26	28	22	23	28	26
	DECREASE	8	12	16	13	13	4	6	9	8	14
	NET BALANCE	+19	+10	+9	+7	+13	+24	+16	+14	+20	+12
PRICES:	INCREASE	17	20	33	27	23	25	22	25	30	25
	DECREASE	6	5	6	9	4	1	3	4	4	3
	NET BALANCE	+11	+15	+27	+18	+19	+24	+19	+21	+26	+22
PROFITABILITY:	INCREASE	39	37	32	30	34	55	54	43	44	50
	DECREASE	27	20	30	29	22	12	7	14	18	16
	NET BALANCE	+12	+17	+2	+1	+12	+43	+47	+29	+26	+34
CAPITAL EXPENDITURE:	INCREASE	28	27	22	26	26	16	26	27	23	25
	DECREASE	26	21	30	30	25	27	26	22	31	28
	NET BALANCE	+2	+6	-8	-4	+1	-11	0	+5	-8	-3

* 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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