

August 2008

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



Sensis® *Business Index – Small and Medium Enterprises*

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Introduction	1
About the survey.....	2
Executive summary.....	3
Small and medium business outlook – national summary.....	6
Confidence in own business prospects over the next 12 months.....	6
Confidence by state, sector and size	7
Perceptions of the economy.....	8
Expectations on key indicators over the next 12 months.....	9
Concerns.....	10
Sales.....	11
Employment.....	112
Wages bill.....	13
Prices.....	14
Capital expenditure	15
Profitability.....	16
Exports.....	17
Assessment of Federal Government policies.....	18
Assessment of State Government policies.....	19
Impact of the current economic climate.....	20
The environment.....	20
Small and medium business outlook – national.....	21
Small and medium business outlook – New South Wales	22
Small and medium business outlook – Victoria	23
Small and medium business outlook – Queensland.....	24
Small and medium business outlook – South Australia.....	25
Small and medium business outlook – Western Australia	26
Small and medium business outlook – Tasmania	27
Small and medium business outlook – Northern Territory.....	28
Small and medium business outlook – Australian Capital Territory.....	29

Introduction

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

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

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

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

The Sensis® *Business Index* is based on a sample size of 1,800 SMEs from metropolitan and regional areas of Australia. It includes businesses within the 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™, White Pages®, Trading Post®, CitySearch®, UBD®, Gregory's®, Whereis® and GoStay®. Sensis currently provides advertising services to 420,000 Australian businesses, of which 90 per cent are SMEs.

In addition, the Sensis® *Market Intelligence* products include 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 August 2008 Sensis® *Business Index* results are based on telephone interviews conducted with 1,800 small and medium business proprietors. The sample size comprises approximately 1,400 small businesses and 400 medium businesses (the latter defined as businesses employing between 20 and 199 people).

Businesses interviewed for the August 2008 Sensis® *Business Index* were drawn from metropolitan and major non-metropolitan regions within Australia (referred to throughout this report as “regional”). Quotas were set for geographical location and type of business in order to produce the standard sample structure shown below. Where replacement businesses are recruited, this sample structure is maintained.

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

Interviewing for this survey was conducted from 31 July to 22 August 2008. The report covers experiences over the past three months (May to July 2008), and expectations for both the current quarter (August to October 2008) and the 12 months ending August 2009.

Executive summary

Business confidence among SMEs continued to fall during the past quarter to reach the lowest level recorded in the history of the survey. In addition to lower levels of confidence, current perceptions of the economy fell dramatically for the third successive quarter to a record low, however perceptions about the future economic direction rose by a marginal one percentage point from last quarter's record low. The prime problem reported by SMEs this quarter was a lack of work or sales, followed by the economic climate and cash flow. Some 29 per cent of SMEs reported that they currently faced no problems at all. There was a fall of four percentage points in the proportion of SMEs that were currently facing problems finding staff. SMEs reported falls in performance in the key indicators of sales and profitability, however small increases in performance were recorded for other indicators.

Support for the Federal Government fell further to its lowest level since May 2001 with SMEs believing that there was poor economic management and government policies working against small business. With three successive falls, the Federal Government is now the least supported government by SMEs in Australia. The Tasmanian Government was again the most supported government by SMEs overall, with the New South Wales Government the least supported state or territory government.

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

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

Historical trends and overall SME highlights

- Business confidence among SMEs fell during the past quarter to its lowest level since the inception of the Sensis® Business Index over 15 years ago.
- Perceptions of the current state of the Australian economy continued to fall dramatically for the third successive quarter to reach the lowest level recorded since the inception of the Sensis® *Business Index*. There was a marginal increase in the proportion of SMEs that felt the economy would be better in a year's time, which was at a record low last quarter.
- The key performance indicators of sales and profitability continued to fall, but other indicators reported slight improvements in the last quarter.
- In the short and medium terms, SMEs were expecting further falls for all indicators.
- Expectations for most key business indicators for the year ahead also fell across all indicators this quarter.
- A lack of work or sales was the primary concern of SMEs this quarter and is at its highest level since November 2001. This was followed by the economic climate and cash flow.
- Some 29 per cent of SMEs reported currently facing no problems in their business.
- Support for the Federal Government's policies continued to fall following the change in Federal Government, with SMEs concerned about economic management and a perception that government policies worked against small business.
- The Tasmanian Government was the most supported government in Australia. The New South Wales Government recorded the lowest level of support for a state or territory government for the 18th successive quarter.

Small versus medium enterprises

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

- Medium businesses were again more confident than small businesses with the gap increasing from four to nine percentage points.
- Medium businesses were on balance less negative about the current state of the Australian economy than small businesses; however perception of the current state of the economy and future economic expectations amongst both small and medium businesses both fell dramatically.
- Medium businesses recorded higher performance than small businesses for all indicators in the past quarter.
- Medium businesses were slightly more supportive of the Federal Government's policies than small businesses.

Metropolitan versus regional

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

- Regional businesses were more confident than their metropolitan counterparts for the second successive quarter. Decreasing business was cited as the key reason for concerns amongst metropolitan SMEs, with increased fuel costs the main reason for concern amongst regional SMEs.
- Metropolitan businesses were more negative about both the current state of the Australian economy, as well as future economic expectations.
- Metropolitan businesses reported higher performance than regional businesses for sales, employment and capital expenditure.
- Regional businesses were more likely than metropolitan businesses to have increased their prices in the past quarter. Regional SMEs were also more likely to have increased profitability and had an increased wages bill.
- Regional businesses reported higher expectations for the coming quarter than metropolitan businesses for all indicators, with the exception of wages, where metropolitan businesses were more likely to be expecting an increase.
- Metropolitan businesses were more supportive of the Federal Government's policies.

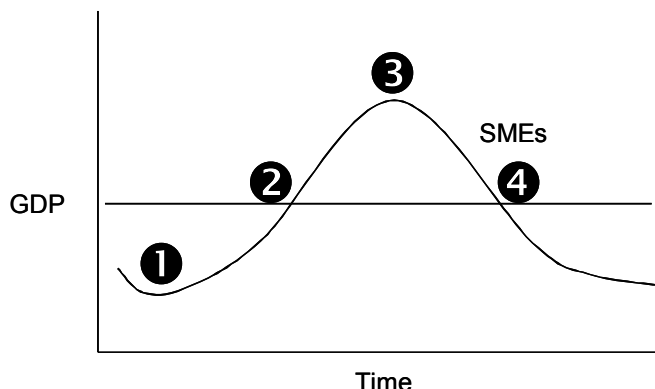
Industry sector trends

Several trends emerged throughout the industry sectors, including:

- Confidence was highest in the finance and insurance sector.
- The retail trade sector recorded the lowest confidence level of any sector.
- The transport and storage sector recorded the weakest performance in employment, wages and capital expenditure over the past quarter.
- The finance and insurance sector reported the weakest performance in sales, prices and profitability over the past quarter.
- The health and community services sector recorded the strongest performance for sales and employment performance in the past quarter.
- The building and construction sector recorded the strongest performance for profitability, but also reported the highest wage pressures at the moment.
- Looking ahead the transport and storage sector recorded the weakest expectations for the coming quarter for all indicators, with the only exception being prices.
- The cultural, recreational and personal services sector was the most supportive of the Federal Government's policies, with the wholesale trade sector remaining the least supportive.

SME business cycle analysis

The Business Cycle and SMEs



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

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

Analysis of the key indicators from the August 2008 Sensis® Business Index suggests an economic environment that has now slowed and is in trough like conditions compared to the economic conditions enjoyed in the past few years, with key indicators of sales and profitability continuing to decline. In addition, expectations for the economic outlook continue to fall. SMEs now believe that the Australian economy is currently contracting, with further deterioration likely. Confidence has fallen to the lowest levels in seven years, heavily influenced by recent increases. SMEs have been experiencing falling demand, which is now their prime concern.

Highlighted sections show the indicators relevant to SMEs for the August 2008 Sensis® Business Index.

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

Small and medium business outlook – national summary

Confidence in own business prospects over the next 12 months

Key findings

Australian SMEs experienced a further fall in business confidence during the past quarter, on the back of continued weakening economic conditions. SME confidence is now at the lowest level recorded since the inception of the Sensis® Business Index in 1993 and less than half the level recorded at the same time last year.

Decreasing business and concerns about increasing fuel prices, economic downturn and rising interest rates were the key reasons for SMEs lacking confidence this quarter. The main reason given by those SMEs that were confident was that they felt established and experienced in their business operations.

Last quarter (May to July 2008)

SMEs recorded further falls in business confidence with a net balance of 25 per cent. This result comprises of 52 per cent of businesses that were confident about their prospects for the year ahead and 27 per cent that were concerned.

This latest fall in SME confidence levels of eight percentage points has resulted in the lowest result for SME confidence recorded since the inception of the Sensis® Business Index in 1993, with the closest result being net 26 per cent in May 2000, recorded just prior to the introduction of the Goods and Services Tax.

The main reason businesses gave for feeling worried about their prospects related to concerns over decreasing business, as well as rising fuel prices, economic downturn and increasing interest rates.

By comparison, those businesses that felt confident cited feeling established and experienced in their business operations and having good customer relations as the key reasons behind their confidence.

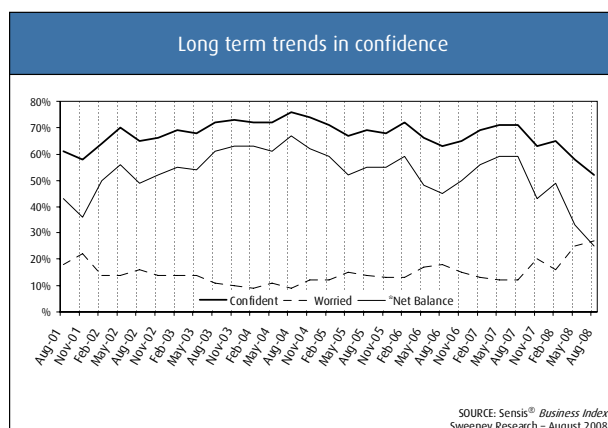
There are three key indicators that provide an overall assessment of SME confidence levels:

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

These latest results show that the latest fall in business confidence to record lows is in line with SME views on the economy also falling to record lows. However, the proportion of SMEs expecting the economy to deteriorate further over the medium term has stabilised close to record low levels.

Confidence trends - past five quarters					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
Extremely confident	17%	15%	13%	12%	10%
Fairly confident	54%	48%	52%	46%	42%
Neutral	18%	18%	19%	17%	21%
Fairly worried	10%	16%	14%	21%	21%
Extremely worried	2%	4%	2%	4%	6%
Total confident	71%	63%	65%	58%	52%
Total worried	12%	20%	16%	25%	27%
*Net Balance	+59%	+43%	+49%	+33%	+25%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008



* 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 in the past quarter were recorded in Tasmania. Victorian SMEs recorded the largest fall in confidence in the past quarter, however the lowest level of business confidence was again recorded in New South Wales. Regional businesses reported higher confidence levels than their metropolitan counterparts. Confidence was highest among SMEs in the finance and insurance sector, and lowest among SMEs in the retail trade sector.

Last quarter (May to July 2008)

With confidence recording a continued fall at the national level, this was mirrored by falls in confidence in almost all states and territories. The only states to record an increase in confidence were Tasmania and Queensland, where confidence was up 11 percentage points and six percentage points respectively. Confidence was unchanged in South Australia in the past quarter. The highest overall confidence was recorded in Tasmania, with the lowest confidence levels again recorded in New South Wales, with the largest decline in confidence recorded in Victoria.

The finance and insurance sector recorded the highest confidence at a net 61 per cent, an improvement of ten percentage points in the past quarter. Only two other sectors recorded an increase in confidence this quarter – cultural, recreational and personal services and accommodation, cafes and restaurants. The lowest confidence level was recorded in the retail trade sector, with a net balance of negative two per cent. The transport and storage sector recorded the largest fall, with confidence having dropped by 44 percentage points in the past quarter.

On average, confidence was higher among businesses in regional areas for the second successive quarter. Only two states or territories recorded higher metropolitan confidence levels: Queensland and the Northern Territory. The highest confidence by location overall was in regional areas of Tasmania. The largest improvement was among those SMEs in metropolitan areas of Victoria. The largest declines in business confidence were recorded among SMEs in regional areas of South Australia.

Trends by state *net balance					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
National	59%	43%	49%	33%	25%
New South Wales	57%	29%	43%	11%	7%
Victoria	54%	46%	44%	48%	20%
Queensland	67%	52%	60%	42%	48%
South Australia	52%	56%	49%	36%	36%
Western Australia	72%	59%	58%	55%	43%
Tasmania	60%	54%	56%	40%	51%
Northern Territory	68%	72%	74%	58%	46%
Australian Capital Territory	56%	55%	44%	23%	37%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008

Metro and regional confidence *net balance			
	Metro	Regional	Total
National	20%	31%	25%
New South Wales	3%	10%	7%
Victoria	18%	24%	20%
Queensland	48%	45%	48%
South Australia	33%	44%	36%
Western Australia	41%	49%	43%
Tasmania	50%	53%	51%
Northern Territory	49%	42%	46%
Australian Capital Territory	37%	N/A	37%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008

Confidence by business size			
	Confident	Worried	*Net Balance
Total	52%	27%	25%
1-2 Employees	51%	24%	27%
3-4 Employees	48%	34%	14%
5-9 Employees	57%	26%	31%
10-19 Employees	51%	33%	18%
Total Small Business	51%	58%	24%
20-99 Employees	57%	26%	31%
100-199 Employees	73%	17%	56%
Total Medium Business	58%	25%	33%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008

Confidence by sector			
	Confident	Worried	*Net Balance
Manufacturing	55%	32%	23%
Building/Construction	53%	25%	28%
Wholesale Trade	47%	37%	10%
Retail Trade	39%	41%	-2%
Transport/Storage	47%	24%	23%
Communication Property & Business Services	52%	25%	27%
Finance and Insurance	73%	12%	61%
Health and Community Services	65%	9%	56%
Cultural, Recreational and Personal	47%	26%	21%
Accommodation, Cafes and Restaurants	70%	20%	50%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008

* 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

Net perceptions of the Australian economy declined strongly among SMEs for the third successive quarter, falling to their lowest level in the history of the Sensis® Business Index. SMEs' future economic expectations rose marginally from the previous quarter's result, to record their second lowest point in the history of the Sensis® Business Index.

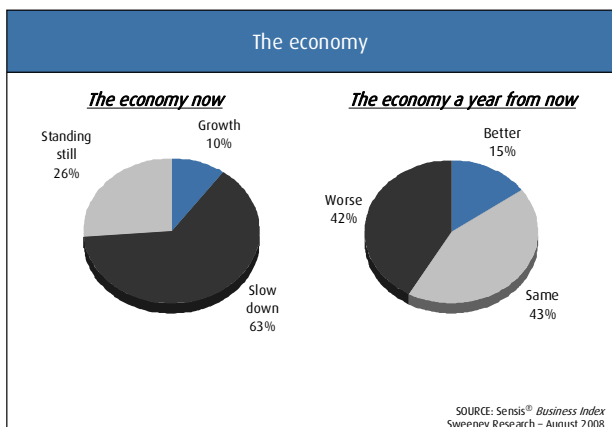
Last quarter (May to July 2008)

There was a significant fall in the proportion of SMEs that felt the economy was currently growing, dropping by 14 percentage points. Coupled with this was an increase of 17 percentage points in the proportion of SMEs that felt the economy was currently slowing. This resulted in a dramatic fall in the overall perception of the current state of the economy, with a net balance of 53 per cent of businesses believing the Australian economy is currently slowing. This was a decrease of 31 percentage points from last quarter, and follows two successive decreases of 36 percentage points over the last two quarters. The latest increase brings the net proportion of SMEs that felt the economy was currently in a growth phase to its lowest point in the history of the Sensis® Business Index.

Every state and territory recorded net negative perceptions of the current state of the Australian economy. The highest perceptions of the economy were recorded in the Northern Territory at a net negative 20 per cent. The weakest perceptions were recorded among SMEs in New South Wales (net balance of negative 62 per cent, down from net negative 38 per cent last quarter).

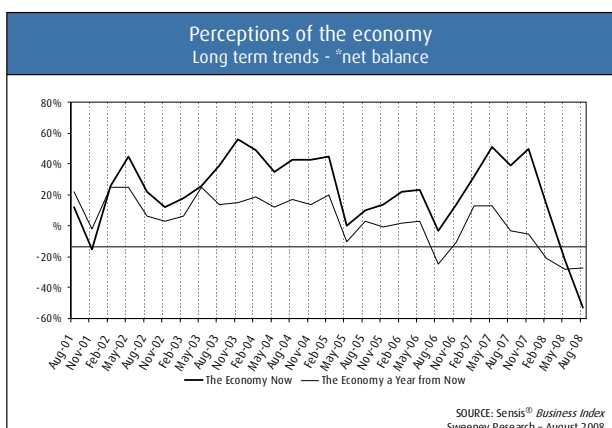
For the second successive quarter all states and territories record strongly declining views of the economy. The smallest fall in perceptions was recorded in the Northern Territory, where the decline was only 13 percentage points, compared to the largest fall of 50 percentage points recorded in South Australia.

There was a marginal improvement on one percentage point in expectations for the year ahead, with net negative 27 per cent of SMEs believing the economy would be worse in a year's time. This represents a rise of one percentage point from last quarter's record low result.



Perceptions of the economy - trends					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
The economy now					
Growth	52%	62%	39%	24%	10%
Slowing	13%	12%	25%	46%	63%
*Net Balance	+39%	+50%	+14%	-22%	-53%
The economy a year from now					
Better	18%	19%	14%	16%	15%
Worse	21%	24%	35%	44%	42%
*Net Balance	-3%	-5%	-21%	-28%	-27%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008



Perceptions of the economy by state								
	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
The economy now								
Growth	8%	7%	13%	7%	22%	17%	26%	8%
Slowing	70%	64%	58%	61%	53%	57%	46%	58%
*Net Balance	-62%	-57%	-45%	-54%	-31%	-40%	-20%	-50%
The economy a year from now								
Better	13%	19%	17%	12%	11%	15%	13%	20%
Worse	44%	40%	44%	41%	43%	45%	34%	32%
*Net Balance	-31%	-21%	-27%	-29%	-32%	-30%	-21%	-12%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008

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

Expectations on key indicators for the next 12 months

Key findings

With confidence down and SMEs feeling that the economy was, on balance, likely to be weaker a year from now, it is not surprising that the proportion of SMEs that were expecting their business performance to improve in the next twelve months fell across all indicators.

Next 12 months (August 2008 to July 2009)

Sales expectations fell during the quarter from 38 per cent to 22 per cent, a decrease of 16 percentage points. This result was made up of 48 per cent of businesses that thought sales would rise in the next year, while 26 per cent expected a fall. SMEs in the Northern Territory recorded the strongest net sales expectations by state and territory for the year ahead, with a net balance result of 43 per cent. The accommodation, cafes and restaurant sector recorded the strongest industry result with a net balance of 56 per cent. The retail trade sector was at the other end of the scale with a net balance result of four per cent.

Employment expectations for the year ahead registered a fall with a net balance of 10 per cent, a drop of eight percentage points from last quarter. At a state level Victoria recorded the highest results with a net balance of 22 per cent. Across the nation, metropolitan businesses recorded higher employment expectations for the next twelve months compared to regional businesses (12 per cent in metropolitan areas compared to seven per cent regionally). At an industry level the health and community services sector recorded the strongest employment result at 23 per cent. The worst performing sector in terms of employment expectations for the year ahead was the building and construction sector with a net balance of negative nine per cent.

The total wages and salary costs expectations for the year ahead experienced a decrease of six percentage points during the quarter, with a net balance of 29 per cent of businesses expecting an increase. The strongest state and territory wage expectations for the year ahead were recorded in Victoria (43 per cent). The health and community services sector was again the industry expecting the greatest increase in wages over the next year (45 per cent).

The selling price expectations for the year ahead decreased five percentage points during the quarter, with a net balance of 52 per cent of SMEs expecting to increase the prices they charge over the year ahead. At the state and territory level the Northern Territory recorded the strongest selling price expectations for the year ahead with an unchanged net balance result of 68 per cent. At an industry level the strongest price expectations for the year ahead again came from the accommodation, café and restaurant sector, also unchanged at 73 per cent.

Profitability expectations fell by 13 percentage points. The Northern Territory recorded the strongest profit expectations for the year ahead with a net balance result of 44 per cent, up one percentage point. The lowest expectations were in New South Wales with a net balance result of two per cent. At an industry level the accommodation, café and restaurant sector recorded the strongest annual profit expectations with a net balance result of 43 per cent.

Capital expenditure also recorded a decrease in expectations for the year ahead, down from four per cent to one per cent. The strongest capital expenditure expectations for the next twelve months were recorded in the Northern Territory (14 per cent).

Expectations on key indicators over the next 12 months August 2008			
	Expect an increase	Expect a decrease	*Net Balance
Value of sales	48%	26%	22%
Size of workforce	18%	8%	10%
Wages bill	39%	10%	29%
Prices charged	56%	4%	52%
Profitability	42%	28%	14%
Capital expenditure	30%	29%	1%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008

Expectations on key indicators Trends in *net balance					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
Value of sales	59%	50%	53%	38%	22%
Size of workforce	23%	19%	21%	18%	10%
Wages bill	42%	38%	41%	35%	29%
Prices charged	56%	57%	57%	57%	52%
Profitability	53%	44%	46%	27%	14%
Capital expenditure	16%	12%	16%	4%	1%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008

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

Concerns

Key findings

A lack of work or sales was the most pressing concern faced by SMEs in the latest survey. Having risen by four percentage points in the past quarter, this brought a lack of work or sales to the highest level of concern recorded since November 2001. Some 29 per cent of SMEs reported that they were currently facing no significant problems in their business.

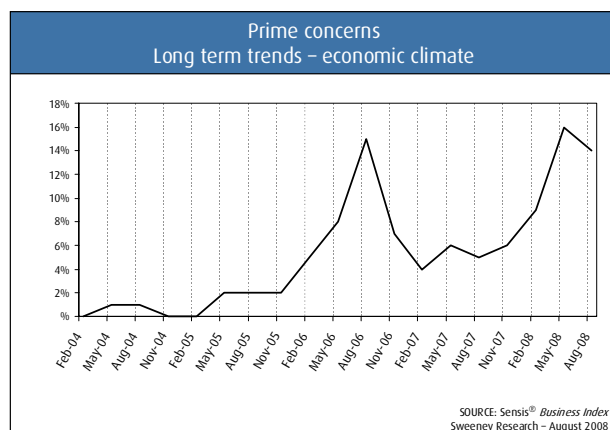
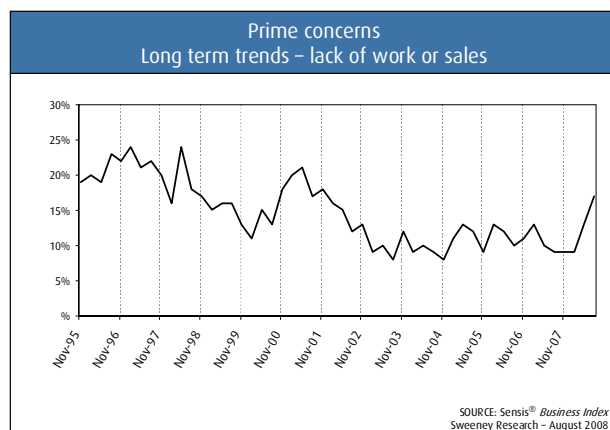
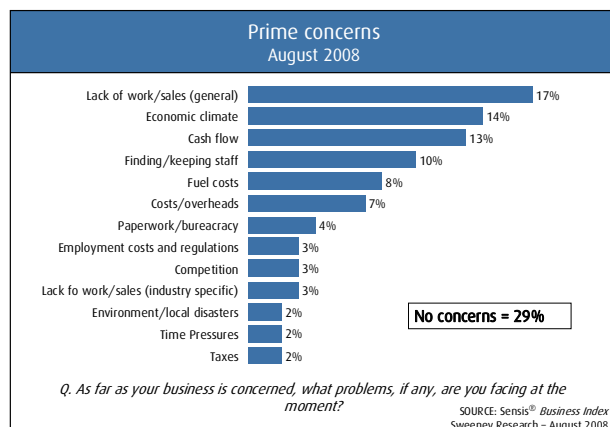
Last quarter (May to July 2008)

The proportion of SMEs reporting that they were currently facing problems caused by a lack of work or sales rose four per cent over the past quarter to 17 per cent, becoming the top concern facing SMEs in Australia. Reports of problems caused by a lack of work or sales were highest in the Australian Capital Territory, where this problem was being reported by 20 per cent of SMEs, and lowest in the Northern Territory, where only five per cent reported difficulties in this area. SMEs in the finance and insurance sector were most likely to report difficulties caused by a lack of work or sales this quarter.

The economic climate was the next most significant problems cited by SMEs in the past quarter. Overall, 14 per cent of SMEs nominated this concern as an issue, which was down by two percentage points over the past quarter. Concern over the economic climate includes issues such as consumer confidence and spending levels, interest and exchange rate concerns, concerns about the general economic climate, as well as global, state and regional economic concerns. The economic climate issues that were causing the most concern to SMEs were high interest rates and the economic climate in general.

The proportion of SMEs reporting difficulties with cash flow rose by four percentage points over the past quarter to 13 per cent, and was the third most pressing concern facing SMEs in Australia. This is the highest level of concern for this issue since August 2001. Reports of difficulties with cash flow were highest in South Australia, where this problem was being reported by 16 per cent of SMEs, and lowest in Tasmania and the Northern Territory, where six per cent reported difficulties in this area. SMEs in the communications, property and business services sector were most likely to report difficulties with cash flow this quarter.

Some 29 per cent of SMEs reported currently facing no problems in their business, up three percentage points in the past quarter.



Sales

Key findings

There was continued decline in the proportion of SMEs, on balance, that reported increased sales over the past quarter. Coupled with this, lower proportions of SMEs were expecting their sales to improve in both the short and medium terms.

Last quarter (May to July 2008)

Sales performance recorded a lower net balance of net negative nine per cent for the quarter, down by a further six percentage points from last quarter and now at the lowest point since May 2001.

Sales performance again varied dramatically across the states and territories. After having recorded the strongest expectations last quarter, the Northern Territory recorded the strongest performance this quarter, with a net 27 per cent experienced increasing sales in the past quarter. At the other end of the scale, sales performance was again lowest among SMEs in New South Wales, where a net negative 24 per cent of SMEs reported increasing sales.

The strongest sales performance was recorded in the finance and insurance sector, with a net balance of nine per cent of SMEs having reported increasing sales. The finance and insurance sector recorded the weakest industry performance, at net negative 26 per cent.

Current quarter (August to October 2008)

SMEs were expecting further falls in sales in the short term. Sales expectations for the current quarter recorded a drop of seven percentage points from the previous quarter to net 10 per cent.

Expectations for sales growth again varied around the country, with the strongest expectations recorded in Tasmania at net 33 per cent. The weakest sales expectations for the coming quarter were recorded in New South Wales and Queensland at a net six per cent.

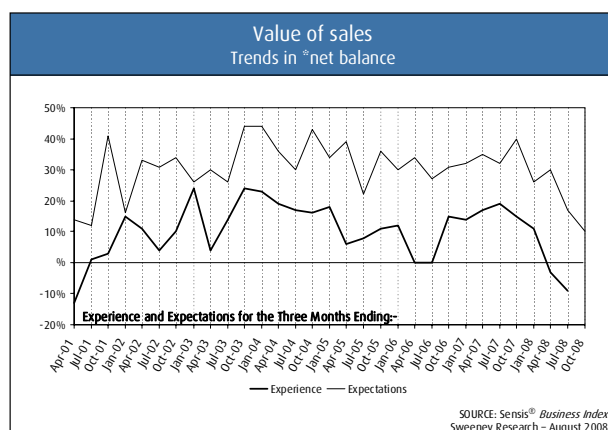
There was also variation in expectations on an industry basis. The strongest expectations for the current quarter were recorded in the wholesale trade sector (net balance of 37 per cent). The transport and storage sector recorded the lowest level of expectations (net negative 10 per cent).

Next 12 months (August 2008 to July 2009)

Twelve-month sales expectations fell from a net 38 per cent to 22 per cent, the equal lowest level recorded in the history of the Sensis® Business Index. The result comprised 48 per cent of businesses that believed sales would increase in the year ahead and 26 per cent that thought they would fall. Sales expectations for the year ahead were highest in the Northern Territory at net 43 per cent.

Value of sales					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
Last Quarter					
Experienced increase	43%	40%	39%	34%	29%
No change	32%	35%	32%	28%	33%
Experienced decrease	24%	25%	28%	37%	38%
*Net Balance	+19%	+15%	+11%	-3%	-9%
Current Quarter					
Expect increase	49%	42%	45%	40%	36%
No change	41%	41%	39%	36%	38%
Expect decrease	9%	16%	15%	23%	26%
*Net Balance	+40%	+26%	+30%	+17%	+10%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008



* 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 improved during the past quarter however more SMEs were still reporting that they decreased their employment levels than increased them. SMEs were expecting further declines in employment in both the coming quarter and the year ahead.

Last quarter (May to July 2008)

The proportion of SMEs that reported increased employment during the past quarter was unchanged, with 13 per cent of SMEs reporting a rise in employment during the past quarter. This was offset by the 14 per cent of businesses that experienced employment declines. The net balance of negative one per cent was one percentage point higher than last quarter's result.

Regional variation was once again seen across Australia. At a state level the best performing region was Western Australia at five per cent. At the other end of the scale, the Australian Capital Territory recorded a net balance result of negative four per cent. At an industry level, the health and community service and accommodation, café and restaurant sectors recorded the strongest results at 14 per cent each while the transport and storage sector recorded the lowest results at negative 25 per cent.

A lack of work or sales were the main barrier to taking on new employees, reported by 32 per cent of SMEs that believed barriers existed, up one percentage point in the past quarter. With employment decreasing overall, it is interesting to look at the reasons that SMEs have decreased their employment levels this quarter. The main reason for decreasing full-time employment this quarter was due to economic conditions, followed by a downturn in business.

Current quarter (August to October 2008)

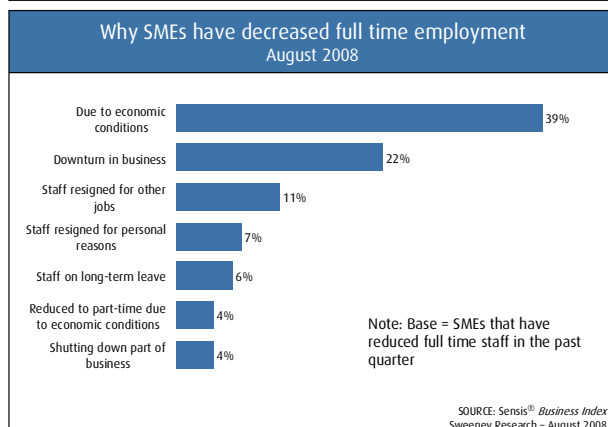
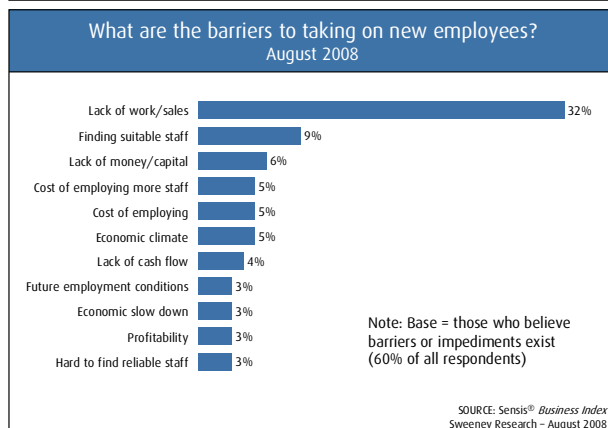
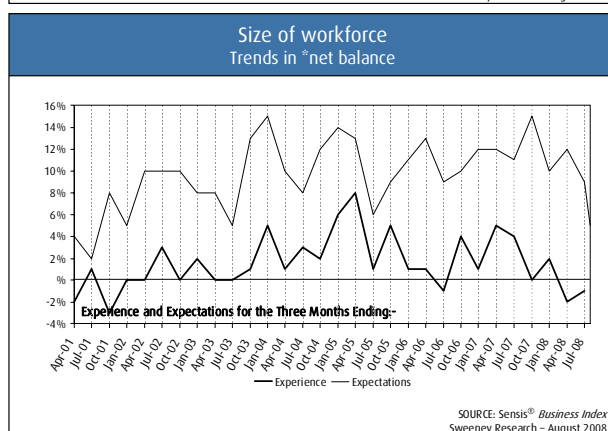
Employment expectations for the current quarter fell to a net balance of five per cent. SMEs in South Australia recorded the strongest short-term employment expectations at a net balance of 12 per cent. At the other end of the scale was New South Wales with a net balance result of one per cent.

Next 12 months (August 2008 to July 2009)

Employment expectations for the year ahead also fell eight percentage points to a net balance result of 10 per cent. The strongest expectations for the year ahead were recorded by SMEs in Victoria (net 22 per cent), with the weakest in New South Wales (two per cent).

Size of workforce					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
Last Quarter					
Experienced increase	14%	13%	16%	13%	13%
No change	76%	74%	71%	71%	74%
Experienced decrease	10%	13%	14%	15%	14%
*Net Balance	+4%	0%	+2%	-2%	-1%
Current Quarter					
Expect increase	17%	13%	16%	15%	12%
No change	81%	82%	79%	78%	80%
Expect decrease	2%	3%	4%	6%	7%
*Net Balance	+15%	+10%	+12%	9%	+5%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008



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

Wages bill

Key findings

There was a marginal rise in the proportion of SMEs, on balance, that reported increased wages over the past quarter. Lower proportions of SMEs were expecting increases in their wages bills for both the short and medium terms.

Last quarter (May to July 2008)

The most recent quarter saw a marginal increase of one percentage point in the proportion of SMEs reporting increased wage costs, with the performance result rising to a net nine per cent.

During the quarter, 24 per cent of SMEs experienced a rise in total wage costs, while 15 per cent recorded a decline. SMEs in Western Australia recorded the highest net result in total wage costs (net 21 per cent), while the lowest wage pressures were in New South Wales (net zero per cent). The strongest net result in total wage costs was recorded in the manufacturing sector (net 37 per cent).

Current quarter (August to October 2008)

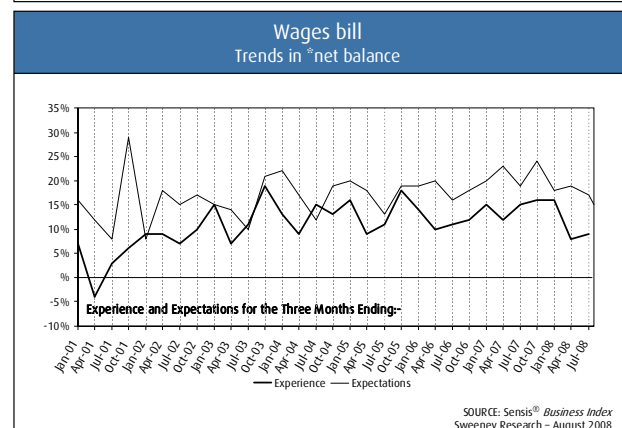
Fewer SMEs were expecting increases in wages in the short term, with net expectations for total wage costs falling to a net 15 per cent for the current quarter from 17 per cent last quarter. The highest wage expectations were in Western Australia, with a net balance of 24 per cent of SMEs expecting an increase in their total wages bill in the coming quarter. SMEs in New South Wales were least likely to be expecting an increase in their wages bill in the current quarter (net eight per cent).

Next 12 months (August 2008 to July 2009)

Expectations for total wage and salary costs for the coming year also fell during the quarter, with a net balance of 29 per cent of businesses expecting a rise in total wage costs in the year ahead. This represented a fall in the net balance trend of six percentage points. The SMEs most likely to be expecting increases to their wages bills were in Victoria at a net 43 per cent. SMEs in New South Wales were least likely to expect an increase in their total wages bill in the coming year (net 15 per cent).

Wages bill					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
Last Quarter					
Experienced increase	26%	28%	28%	23%	24%
No change	57%	56%	55%	55%	57%
Experienced decrease	11%	12%	12%	15%	15%
*Net Balance	+15%	+16%	+16%	+8%	+9%
Current Quarter					
Expect increase	29%	26%	26%	27%	25%
No change	62%	61%	65%	60%	62%
Expect decrease	5%	8%	7%	10%	10%
*Net Balance	+24%	+18%	+19%	+17%	+15%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008



* 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 their prices rose further during the past quarter to its highest point since November 2000. Looking ahead, fewer SMEs were expecting to increase their prices in the short and medium terms.

Last quarter (May to July 2008)

The proportion of businesses that increased prices rose by a further one percentage point during the quarter, to a net balance result of 27 per cent. This result is seven percentage points higher than at the same time last year, and is the highest result since November 2000.

Of all states and territories, the strongest price trends were recorded by SMEs in Queensland, with a net balance of 43 per cent each. The lowest results were recorded by SMEs in New South Wales, with a net balance of 20 per cent. The strongest price rises were recorded in the building and construction sector, with a net balance result of 47 per cent. The weakest outcome was again recorded in the finance and insurance sector, with a net balance result of nine per cent.

Current quarter (August to October 2008)

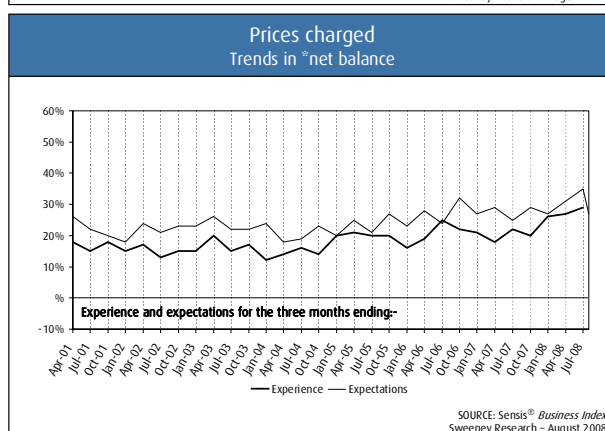
SME expectations for price rises in the short term fell during the quarter to a net balance result of 27 per cent, a fall of eight percentage points since the last quarter. South Australia and the Northern Territory recorded the strongest price rise expectations, with a net balance result of 39 per cent each, while New South Wales recorded the weakest price rise expectations, with a net balance of 16 per cent.

Next 12 months (August 2008 to July 2009)

At a net balance of 52 per cent, expectations for price rises in the coming year fell by five percentage points during the past quarter. Year-ahead expectations for price increases were strongest among SMEs in the Northern Territory at net 68 per cent each, and in the accommodation, café and restaurant sector, with a net balance result of 73 per cent.

Prices charged					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
Last Quarter					
Experienced increase	24%	25%	29%	32%	32%
No change	74%	70%	68%	64%	65%
Experienced decrease	2%	5%	3%	5%	3%
*Net Balance	+22%	+20%	+26%	+27%	+29%
Current Quarter					
Expect increase	30%	30%	33%	38%	32%
No change	69%	68%	65%	59%	63%
Expect decrease	1%	3%	2%	3%	5%
*Net Balance	+29%	+27%	+31%	+35%	+27%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008



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

Capital expenditure

Key findings

The proportion of SMEs that reported growth in capital expenditure increased in the past quarter, but remained net negative, recording the fifth successive net negative result. SMEs were expecting their capital expenditure to decline further both in the short term and the year ahead.

Last quarter (May to July 2008)

SME performance in capital expenditure recorded a net negative five per cent result. This result represented an improvement of two percentage points; however capital expenditure remained in net negative territory for the fifth successive quarter. Capital expenditure for SMEs has a strong seasonal pattern, and it is typical for results recorded in the August quarter to be higher than the other quarters.

Capital expenditure growth was net negative in all states and territories, with the exception of Queensland. The strongest result was in the Northern Territory, with a net balance result of positive three per cent of SMEs increasing capital expenditure. The weakest results were in the Australian Capital Territory and Western Australia, which both recorded a net balance of negative 11 per cent.

There was also variation between industry sectors. While the health and community services sector recorded the strongest capital expenditure performance (37 per cent), at the other end of the investment scale was the transport and storage sector (negative 25 per cent).

Current quarter (August to October 2008)

The net result for capital expenditure expectations fell further for the coming quarter, with a net balance result of negative 13 per cent. The highest expectations were recorded by SMEs in Victoria at a net negative six per cent. The weakest result was recorded by SMEs in the Australian Capital Territory with a net balance of negative 21 per cent.

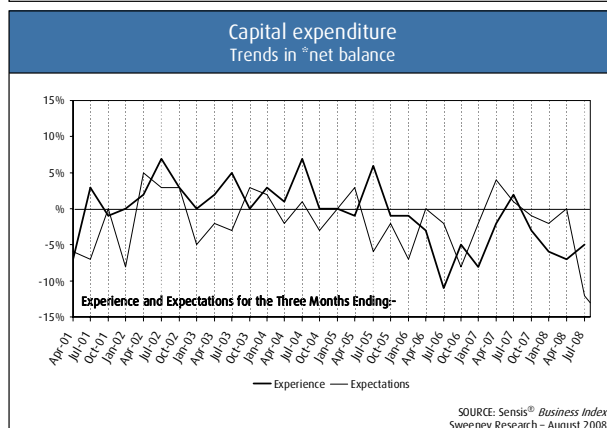
SMEs in the accommodation, café and restaurant sector recorded the strongest expectations (seven per cent), while the transport and storage sector recorded the weakest result at a net negative 26 per cent.

Next 12 months (August 2008 to July 2009)

Capital expenditure expectations for the year ahead fell sharply during the quarter, with a net one per cent of SMEs expecting to increase their capital expenditure in the next 12 months, down from a net four per cent last quarter.

Capital expenditure					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
Last Quarter					
Experienced increase	26%	23%	22%	22%	22%
No change	48%	48%	46%	47%	49%
Experienced decrease	24%	26%	28%	29%	27%
*Net Balance	+2%	-3%	-6%	-7%	-5%
Current Quarter					
Expect increase	23%	23%	25%	21%	20%
No change	52%	49%	46%	45%	46%
Expect decrease	24%	25%	25%	33%	33%
*Net Balance	-1%	-2%	0%	-12%	-13%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008



* 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 declining sales, profitability also fell strongly during the past quarter, dropping a further nine percentage points. SMEs were also expecting further declines in profitability in both the coming quarter and the year ahead.

Last quarter (May to July 2008)

Profitability performance recorded a net balance result of negative 19 per cent for the past quarter. This represented a further decline of nine percentage points from the previous quarter's result of net negative 10 per cent.

Across Australia the strongest profit experience was reported by SMEs in the Northern Territory with a net balance result of positive 27 per cent. The weakest performance was recorded in New South Wales at net negative 34 per cent. The strongest industry performance was recorded in the building and construction sector with a net balance result of negative one per cent, with the weakest profitability performance recorded in the finance and insurance sector (net negative 46 per cent). SMEs in regional areas experienced marginally better profitability than their metropolitan counterparts.

Current quarter (August to October 2008)

Profitability expectations for the current quarter also fell to seven per cent compared to the previous quarter's results of nine per cent. At a state and territory level, the strongest expectations were recorded by SMEs in Tasmania at 28 per cent. The weakest state or territory was New South Wales with a net balance result of negative zero per cent.

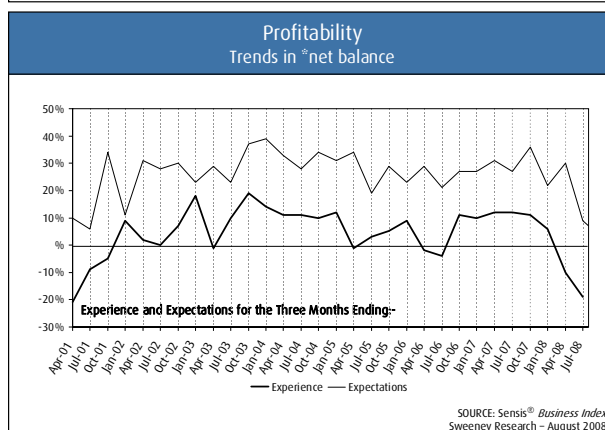
Across all industries, the accommodation, café and restaurant sector recorded the strongest short-term profit expectations with a net balance result of 26 per cent. The transport and storage sector recorded the weakest short-term profit expectations with a net balance result of negative 16 per cent.

Next 12 months (August 2008 to July 2009)

Profitability expectations for the year ahead also fell during the quarter to a net balance result of 14 per cent, down from 27 per cent last quarter. At a state and territory level the strongest profit expectations were recorded by SMEs in the Northern Territory with a net balance result of 44 per cent. The weakest results were recorded by SMEs in New South Wales with a net balance result of two per cent. At an industry level the strongest result was recorded in the accommodation, café and restaurant sector (43 per cent), with the weakest result recorded in the retail sector (-22 per cent).

Profitability					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
Last Quarter					
Experienced increase	37%	36%	35%	29%	23%
No change	37%	39%	35%	31%	35%
Experienced decrease	25%	25%	29%	39%	42%
*Net Balance	+12%	+11%	+6%	-10%	-19%
Current Quarter					
Expect increase	47%	40%	44%	35%	33%
No change	42%	41%	41%	38%	41%
Expect decrease	11%	18%	14%	26%	26%
*Net Balance	+36%	+22%	+30%	+9%	+7%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008



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

Exports

Key findings

Despite weaker economic conditions, the proportion of SMEs that exported goods in the past quarter was stable, however, there was a decrease in proportion of exporting SMEs reporting growth in the value of their exports in the past quarter.

Last quarter (May to July 2008)

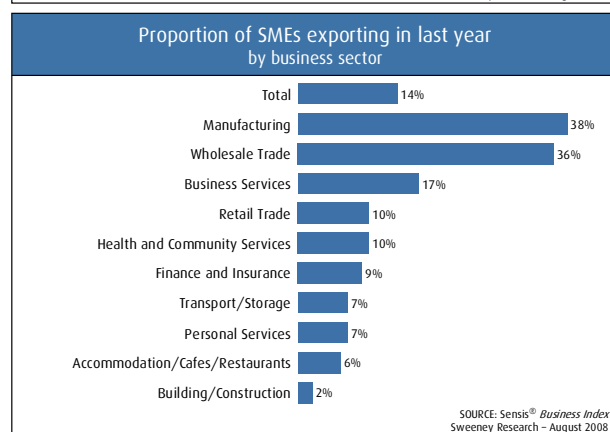
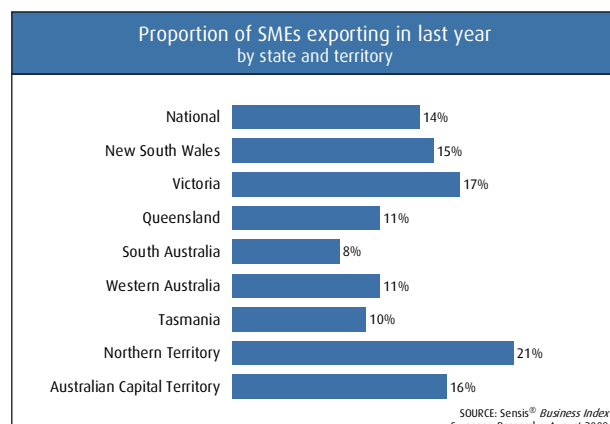
Fourteen per cent of SMEs reported exporting in the past quarter, unchanged from the previous quarter. The stable result is in line with the long term average for exporting SMEs, and has continued to remain stable despite more difficult operating conditions for SMEs in the past quarter. New South Wales, Queensland and South Australia were the only states to record an increase in the proportion of SMEs exporting, with falls or no change recorded in all other states and territories. The Northern Territory recorded the highest proportion of exporting SMEs in Australia.

SMEs in metropolitan areas were three times as likely to export as their regional counterparts (18 per cent compared to six per cent). SMEs in the manufacturing sector were most likely to have exported in the past quarter.

Despite the stable proportion of SMEs exporting, there was a fall in the net proportion of exporting SMEs that reported growth in the value of their exports. A net balance of zero per cent reported an increase in the value of the goods and services exported in the past quarter, down 14 percentage points from last quarter's net balance of six per cent.

Looking forward, SMEs were expecting stability in the value of their exports over the next few months, however a decline in the year ahead. In the short term, the proportion of SMEs expecting growth in the value of their exports for the coming quarter was unchanged at net zero per cent. There was a decrease of 18 percentage points in the proportion of SMEs expecting to increase the value of their exports in the year ahead.

New Zealand remained the most popular destination for SME exports, with 37 per cent of exporting SMEs exporting to New Zealand. Other strong results were seen for the United States, at 27 per cent, equal with the United Kingdom, also at 22 per cent. Further solid growth was recorded for China as an SME export destination, up three percentage points to 16 per cent.



Value of exports - trends

	Aug 07	Nov 07	Feb 08	May 08	Aug 08
Last Quarter					
Experienced increase	31%	30%	27%	29%	21%
No change	55%	54%	52%	55%	58%
Experienced decrease	15%	16%	21%	15%	21%
*Net Balance	+16%	+14%	+6%	+14%	0%
Current Quarter					
Expect increase	39%	35%	33%	25%	30%
No change	54%	57%	55%	65%	55%
Expect decrease	7%	9%	12%	9%	14%
*Net Balance	+32%	+26%	+21%	+16%	+16%
Next 12 months					
Expect increase	52%	56%	48%	55%	40%
No change	45%	37%	46%	37%	49%
Expect decrease	3%	8%	5%	8%	11%
*Net Balance	+49%	+48%	+43%	+47%	+29%

Base: Exported goods or services overseas in last three months

SOURCE: Sensis® Business Index
Sweeney Research – August 2008

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

Assessment of Federal Government policies

Key findings

Support among SMEs for the Federal Government recorded a further fall during the quarter, reaching its lowest level since May 2001.

Last quarter (May to July 2008)

The net balance result of a negative 28 per cent approval rating represented a further fall of four percentage points in the past quarter, following last quarter's fall of 19 percentage points. This quarter's result is also the lowest result since May 2001. The result comprised nine per cent (down one percentage point) of businesses that were supportive of the Federal Government's small business policies, and 37 per cent (up three percentage points) that felt their policies worked against small business.

No state or territory recorded a net positive rating this quarter. The strongest support for the Federal Government's policies occurred in the Australian Capital Territory, where SMEs recorded a negative 13 per cent net balance. The regions most critical of the Federal Government's small business policies were Queensland and South Australia, where the net balance of SMEs that felt the Federal Government's policies supported small business was net negative 35 per cent each. All states and territories recorded a fall in SME support for the Federal Government.

SMEs in metropolitan areas were more supportive of the Federal Government than their regional counterparts. The results show that medium businesses were also more supportive of the Federal Government than small businesses.

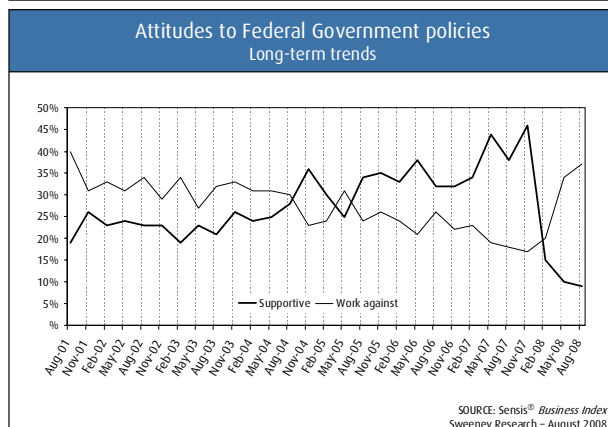
The key reasons SMEs believed the Federal Government's policies worked against them include a view that there was poor economic management and that government policies worked against small business. In addition, SMEs expressed a view that there was too much bureaucracy and that interest rates were too high. These reasons were closely followed by a perception that the Federal Government did not understand small businesses and that policies were affecting consumer confidence.

This quarter the main reasons given by SMEs for supporting the Federal Government included a view that they were trying to help small business, support for their small business management training, that they were trying to reduce red tape, and that they were creating a stable business environment.

Attitudes to Federal Government policies past five quarters					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
Supportive	38%	46%	15%	10%	9%
Work against	18%	17%	20%	34%	37%
No impact	44%	37%	65%	56%	54%
*Net Balance	+20%	+29%	-5%	-24%	-28%

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 – August 2008



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

Assessment of state and territory government policies

Key findings

The Australian Capital Territory Government was the most popular government in Australia among all SMEs in the past quarter. The New South Wales Government remained the least popular state or territory government among SMEs for the 17th successive quarter, despite recording a strong rise in support within the state.

Last quarter (May to July 2008)

The Australian Capital Territory Government recorded the highest approval rating from SMEs at net negative ten per cent. This result was up ten percentage points from net negative 20 per cent last quarter. No governments recorded a net positive result this quarter. The Australian Capital Territory's small business management training programme, a view that they were helping in creating positive local condition and their incentives for small business were the main reasons given for their support.

With an increase of four percentage points in their result, the Tasmanian Government recorded the second highest level of support by its SMEs at net negative 12 per cent. The main reasons SMEs gave for supporting the Tasmanian Government was again a belief that they were more supportive of small businesses, followed by incentives and grants and small business management training programs.

Apart from the Australian Capital Territory and Tasmania, only one other government recorded increasing support levels by its SMEs in the past quarter – New South Wales. New South Wales actually recorded the largest increase in support in the last quarter of 21 percentage points.

Despite this large rise in support, the New South Wales Government remained the least supported government among SMEs. This was the 18th successive quarter that the New South Wales Government has recorded the lowest result of any state or territory government, now sitting at net negative 26 per cent. The main reason that SMEs gave for not supporting the New South Wales Government was that there was too much bureaucracy and red tape, that there were too many government costs and charges and the level of payroll tax was considered too high.

Attitudes to state or territory government policies August 2008								
	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Supportive	7%	10%	14%	8%	11%	11%	24%	13%
Work against	33%	25%	32%	33%	33%	23%	38%	23%
No impact	60%	65%	54%	59%	56%	66%	38%	65%
*Net Balance	-26%	-15%	-18%	-25%	-22%	-12%	-14%	-10%

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 – August 2008

Attitudes to state or territory government policies Trends in *net balance					
	Aug 07	Nov 07	Feb 08	May 08	Aug 08
New South Wales	-32%	-30%	-43%	-47%	-26%
Victoria	-3%	+1%	-13%	-14%	-15%
Queensland	-18%	-4%	+4%	-11%	-18%
South Australia	-11%	-12%	-17%	-12%	-25%
Western Australia	-7%	-13%	-17%	-22%	-22%
Tasmania	-25%	-25%	-27%	-16%	-12%
Northern Territory	-11%	+16%	+7%	+8%	-14%
Australian Capital Territory	-7%	-20%	-5%	-20%	-10%

SOURCE: Sensis® Business Index
Sweeney Research – August 2008

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

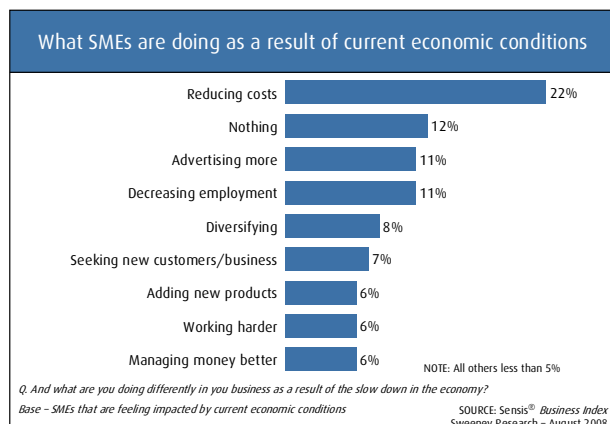
Current economic conditions

Impact of current economic conditions on SMEs

The Sensis® Business Index found that 63 per cent of SMEs have been impacted by the currently slowing economic conditions. SMEs in New South Wales were the most likely to have made changes in their business as a result of the current economic downturn, affecting over three in four SMEs.

The most popular response for SMEs was to try and reduce costs, which was the response given by 22 per cent of SMEs that were feeling impacts from economic downturn. The second most frequent response was that some 12 per cent of SMEs were doing nothing. Some 11 per cent of SMEs that were feeling the impacts of economic downturn reported that they were decreasing employment as a result.

Following these responses were a range of responses which reflected that some businesses were using more aggressive business strategies to try and grow their business through the economic downturn. Some 11 per cent of SMEs reported that they were advertising more as a result of economic downturn, with eight per cent responding that they were diversifying their business, seven per cent reporting that they were looking for new business and customers and six per cent adding new products.



The environment

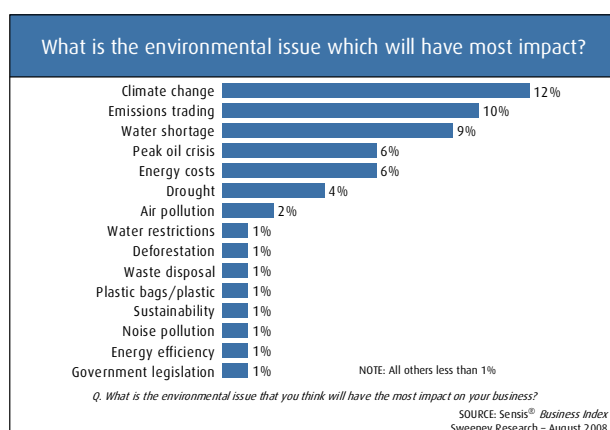
What is the environmental issue which will have most impact?

With environmental policies being debated at the moment, it is interesting to look at the views of SMEs on some of the key issues at the moment.

Overall, climate change was the issues that SMEs felt would have the greatest impact on their business, with this response given by 12 per cent of SMEs. Following this, emissions trading was a response given by one in ten SMEs. Over four in ten SMEs reported that they were aware of the debate surrounding the proposed National Emissions Trading Scheme, with a net balance of 29 per cent believing that it will have a negative impact on their business, mainly due to increased costs.

The main reasons given by SMEs for feeling that climate change and emissions trading would have the most impact on their business included that it would increase their costs, that it will threaten their business and jobs, and that it will change consumer preferences.

Four in ten SMEs reported that they had made changes to their business as a result of environmental concerns. The main changes made by SMEs were introducing recycling, reducing water usage and reducing energy usage. Some 17 per cent of SMEs reported that they produced some products or services aimed at assisting environmental concerns.



Small and medium business outlook – national

- Business confidence fell by eight percentage points from last quarter, to be at its lowest point in the history of the Sensis® Business Index.
- Perceptions of the current state of the economy fell significantly for the third successive quarter, however future economic expectations improved by a marginal one percentage point from last quarter's record low.
- Performance in sales and profitability continued to fall in the past quarter, with other performance indicators rising slightly.
- All expectations fell for the short term and the year ahead.
- Support for the Federal Government's policies fell to a net negative 28 per cent.

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

	AUG 2007	NOV 2007	FEB 2008	AUG 2008	NOV 2008
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	%	%	%	%	%
POSITIVE	71	63	65	58	52
NEGATIVE	12	20	16	25	27
*NET BALANCE	+59	+43	+49	+33	+25

TOTAL SMALL AND MEDIUM BUSINESS – NATIONAL		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		MAY-JUL 07	AUG-OCT 07	NOV-JAN 07/08	FEB-APR 08	MAY-JUL 08	AUG-OCT 07	NOV-JAN 07/08	FEB-APR 08	MAY-JUL 08	AUG-OCT 08
SALES VALUE:	INCREASE	43	40	39	34	29	49	42	45	40	36
	DECREASE	24	25	28	37	38	9	16	15	23	26
	NET BALANCE	+19	+15	+11	-3	-9	+40	+26	+30	+17	+10
SIZE OF WORKFORCE:	INCREASE	14	13	16	13	13	17	13	16	15	12
	DECREASE	10	13	14	15	14	2	3	4	6	7
	NET BALANCE	+4	0	+2	-2	-1	+15	+10	+12	+9	+5
WAGES BILL:	INCREASE	26	28	28	23	24	29	26	26	27	25
	DECREASE	11	12	12	15	15	5	8	7	10	10
	NET BALANCE	+15	+16	+16	+8	+9	+24	+18	+19	+17	+15
PRICES:	INCREASE	24	25	29	32	32	30	30	33	38	32
	DECREASE	2	5	3	5	3	1	3	2	3	5
	NET BALANCE	+22	+20	+26	+27	+29	+29	+27	+31	+35	+27
PROFITABILITY:	INCREASE	37	36	35	29	23	47	40	44	35	33
	DECREASE	25	25	29	39	42	11	18	14	26	26
	NET BALANCE	+12	+11	+6	-10	-19	+36	+22	+30	+9	+7
CAPITAL EXPENDITURE:	INCREASE	26	22	22	22	22	23	23	25	21	20
	DECREASE	24	26	28	29	27	24	25	25	33	33
	NET BALANCE	+2	-4	-6	-7	-5	-1	-2	0	-12	-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 – New South Wales

- New South Wales recorded the lowest business confidence among SMEs during the quarter of any state or territory.
- SMEs in New South Wales again reported the lowest perceptions of the economy in the past quarter.
- New South Wales SMEs saw increases in performance in employment, prices and capital expenditure, with falls recorded in profitability, wages and sales.
- For the last quarter, New South Wales recorded the lowest proportion of SMEs that reported having increased their sales, profitability, prices and wages bills of any state or territory.
- For the coming quarter, SMEs in New South Wales recorded the lowest level of expectations of any state or territory for every indicator with the exception of capital expenditure.
- For the year ahead, SMEs in New South Wales recorded the lowest levels of expectations for sales, employment, wages, prices and profitability.
- Support for the policies of the New South Wales Government among NSW SMEs rose strongly in the past quarter however remained the lowest level for any state or territory government for the 18th successive quarter.

Trends in past three months' experience and current quarter expectations – New South Wales					
	AUG 2007	NOV 2007	FEB 2008	AUG 2008	NOV 2008
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	%	%	%	%	%
POSITIVE	68	55	63	49	41
NEGATIVE	11	26	19	38	34
*NET BALANCE	+57	+29	+43	+11	+7

TOTAL SMALL AND MEDIUM BUSINESS – NEW SOUTH WALES	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
	MAY-JUL 07	AUG-OCT 07	NOV-JAN 07/08	FEB-APR 08	MAY-JUL 08	AUG-OCT 07	NOV-JAN 07/08	FEB-APR 08	MAY-JUL 08	AUG-OCT 08
SALES VALUE:										
INCREASE	43	35	45	33	20	47	35	37	37	36
DECREASE	25	29	31	47	44	11	19	14	32	30
NET BALANCE	+18	+6	+14	-14	-24	+36	+16	+23	+5	+6
SIZE OF WORKFORCE:										
INCREASE	11	9	18	15	12	16	12	13	12	10
DECREASE	10	15	14	19	15	1	2	6	6	9
NET BALANCE	+1	-6	+4	-4	-3	+15	+10	+7	+6	+1
WAGES BILL:										
INCREASE	24	29	33	19	18	28	23	21	23	19
DECREASE	14	12	14	20	18	6	9	6	14	11
NET BALANCE	+10	+17	+19	-1	0	+22	+14	+15	+9	+8
PRICES:										
INCREASE	23	19	24	31	23	24	29	30	32	25
DECREASE	2	6	2	7	3	1	2	1	2	9
NET BALANCE	+21	+13	+22	+24	+20	+23	+27	+29	+30	+16
PROFITABILITY:										
INCREASE	38	30	37	28	17	25	33	38	31	30
DECREASE	25	26	34	46	51	13	22	11	35	30
NET BALANCE	+13	+4	+3	-18	-34	+12	+11	+27	-4	0
CAPITAL EXPENDITURE:										
INCREASE	22	22	25	21	22	25	22	22	22	17
DECREASE	24	26	31	29	28	23	28	26	37	36
NET BALANCE	-2	-4	-6	-8	-6	+2	-6	-4	-15	-19

* 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

- After being the only state to record an increase last quarter, Victoria recorded the largest fall in business confidence among its SMEs in the past quarter.
- Victoria recorded the second lowest perceptions of the economy among its SMEs in the past quarter.
- Performance indicators for employment and capital expenditure rose for Victorian SMEs in the past quarter.
- Victorian SMEs recorded falls in the past quarter for sales, wages and profitability.
- Victorian SMEs are expecting rises in the wages and capital expenditure indicators in the coming quarter.
- Victorian SMEs recorded the highest expectations for the year ahead for employment, and also wages.
- SME support for the Victorian Government fell marginally during the past quarter.

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

	AUG 2007 %	NOV 2007 %	FEB 2008 %	AUG 2008 %	NOV 2008 %
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS					
POSITIVE	68	64	62	67	50
NEGATIVE	14	18	18	19	30
*NET BALANCE	+54	+46	+44	+48	+20

TOTAL SMALL AND MEDIUM BUSINESS – VICTORIA		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		MAY- JUL 07 %	AUG- OCT 07 %	NOV- JAN 07/08 %	FEB- APR 08 %	MAY- JUL 08 %	AUG- OCT 07 %	NOV- JAN 07/08 %	FEB- APR 08 %	MAY- JUL 08 %	AUG- OCT 08 %
SALES VALUE:	INCREASE	37	39	32	37	34	49	44	45	46	33
	DECREASE	30	25	27	29	33	10	14	18	16	24
	NET BALANCE	+7	+14	+5	+8	+1	+39	+30	+27	+30	+9
SIZE OF WORKFORCE:	INCREASE	16	12	14	11	13	19	10	17	15	12
	DECREASE	9	12	11	14	12	1	4	4	7	7
	NET BALANCE	+7	0	+3	-3	+1	+18	+6	+13	+8	+5
WAGES BILL:	INCREASE	22	25	20	24	25	26	31	28	28	30
	DECREASE	10	15	11	11	14	5	5	6	9	10
	NET BALANCE	+12	+10	+9	+13	+11	+21	+26	+22	+19	+20
PRICES:	INCREASE	20	29	29	29	28	36	30	32	38	34
	DECREASE	2	5	4	4	3	1	3	5	3	4
	NET BALANCE	+18	+24	+25	+25	+25	+35	+27	+27	+35	+30
PROFITABILITY:	INCREASE	33	38	31	32	25	47	43	46	40	32
	DECREASE	33	27	27	32	37	11	14	20	20	23
	NET BALANCE	+0	+11	+4	+0	-12	+36	+29	+26	+20	+9
CAPITAL EXPENDITURE:	INCREASE	30	26	18	21	21	19	24	29	20	23
	DECREASE	27	27	28	33	26	26	26	24	33	29
	NET BALANCE	+3	-1	-10	-12	-5	-7	-2	+5	-13	-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

- Queensland recorded an increase in business confidence among SMEs this quarter, with confidence well above the national average.
- SMEs in Queensland reported increases in the performance indicators for sales, wages, prices, profitability and capital expenditure over the past quarter, with only employment falling.
- SMEs in Queensland reported the highest prices and capital expenditure performance of any state or territory.
- SMEs in Queensland reported the lowest expectations for all sales in the coming quarter of any state or territory.
- SME support for the Queensland Government fell during the past quarter.

Trends in past three months' experience and current quarter expectations – Queensland						
		AUG 2007	NOV 2007	FEB 2008	AUG 2008	NOV 2008
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS		%	%	%	%	%
POSITIVE		77	67	71	62	66
NEGATIVE		10	15	11	20	18
*NET BALANCE		+67	+52	+60	+42	+48

TOTAL SMALL AND MEDIUM BUSINESS – QUEENSLAND		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		MAY-JUL 07	AUG-OCT 07	NOV-JAN 07/08	FEB-APR 08	MAY-JUL 08	AUG-OCT 07	NOV-JAN 07/08	FEB-APR 08	MAY-JUL 08	AUG-OCT 08
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	48	44	37	29	30	54	44	50	43	35
	DECREASE	17	20	30	42	38	8	16	13	17	29
	NET BALANCE	+31	+24	+7	-13	-8	+46	+28	+37	+26	+6
SIZE OF WORKFORCE:	INCREASE	13	21	16	12	14	16	16	21	18	13
	DECREASE	11	14	18	14	17	3	5	3	4	7
	NET BALANCE	+2	+7	-2	-2	-3	+13	+11	+18	+14	+6
WAGES BILL:	INCREASE	28	31	30	25	28	31	25	34	30	29
	DECREASE	12	9	15	15	13	5	11	9	5	9
	NET BALANCE	+16	+22	+15	+10	+15	+26	+14	+25	+25	+20
PRICES:	INCREASE	26	24	32	33	46	31	29	33	45	34
	DECREASE	2	3	4	4	3	1	2	3	3	2
	NET BALANCE	+24	+21	+28	+29	+43	+30	+27	+30	+42	+32
PROFITABILITY:	INCREASE	41	38	33	23	28	50	41	46	38	33
	DECREASE	19	21	28	43	39	11	18	13	21	29
	NET BALANCE	+22	+17	+5	-20	-11	+39	+23	+33	+17	+4
CAPITAL EXPENDITURE:	INCREASE	27	23	25	21	26	22	22	26	20	22
	DECREASE	22	27	27	24	23	23	22	28	27	33
	NET BALANCE	+5	-4	-2	-3	+3	-1	0	-2	-7	-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 – South Australia

- Business confidence among SMEs was unchanged during the quarter and was above the national average.
- SMEs in South Australia recorded lower performance all indicators with the exception of capital expenditure, which rose but remained net negative overall.
- SMEs in South Australia recorded the highest expectations for the coming quarter for employment and prices.
- SMEs in South Australia were the most likely to be facing cash flow problems.
- SME support for the South Australian Government fell sharply during the quarter to be at its lowest point in the past year.

Trends in past three months' experience and current quarter expectations – South Australia					
	AUG 2007	NOV 2007	FEB 2008	AUG 2008	NOV 2008
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	%	%	%	%	%
POSITIVE	65	67	63	56	58
NEGATIVE	13	21	15	20	22
*NET BALANCE	+52	+46	+49	+36	+36

TOTAL SMALL AND MEDIUM BUSINESS – SOUTH AUSTRALIA		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		MAY-JUL 07 %	AUG-OCT 07 %	NOV-JAN 07/08 %	FEB-APR 08 %	MAY-JUL 08 %	AUG-OCT 07 %	NOV-JAN 07/08 %	FEB-APR 08 %	MAY-JUL 08 %	AUG-OCT 08 %
SALES VALUE:	INCREASE	37	40	40	30	33	51	44	49	30	33
	DECREASE	32	24	22	33	38	10	11	13	18	18
	NET BALANCE	+5	+16	+18	-3	-5	+41	+33	+36	+12	+15
SIZE OF WORKFORCE:	INCREASE	15	16	14	14	8	10	14	17	13	15
	DECREASE	6	10	12	11	11	2	5	3	5	3
	NET BALANCE	+9	+6	+2	+3	-3	+8	+9	+14	+8	+12
WAGES BILL:	INCREASE	23	28	32	24	23	30	30	30	26	21
	DECREASE	13	11	12	11	21	4	6	7	5	9
	NET BALANCE	+10	+17	+20	+13	+2	+26	+24	+23	+21	+12
PRICES:	INCREASE	29	33	34	33	34	33	35	34	43	42
	DECREASE	3	3	1	4	6	1	4	1	3	3
	NET BALANCE	+26	+30	+33	+29	+28	+32	+31	+33	+40	+39
PROFITABILITY:	INCREASE	34	38	36	29	24	46	44	47	32	34
	DECREASE	25	27	30	35	43	9	15	14	23	21
	NET BALANCE	+9	+11	+6	-6	-19	+37	+29	+33	+9	+13
CAPITAL EXPENDITURE:	INCREASE	22	24	21	21	22	24	19	23	25	23
	DECREASE	24	27	25	30	24	18	28	27	31	34
	NET BALANCE	-2	-3	-4	-9	-2	+6	-9	-4	-6	-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 – Western Australia

- Business confidence among SMEs recorded a further fall during the quarter, however, it remained well above the national average.
- SMEs in Western Australia reported the lowest future expectations of the economy a year from now, falling by ten percentage points.
- SMEs in Western Australia again recorded the highest performance results for employment and wages of any state or territory, but the lowest performance for capital expenditure.
- Western Australian SMEs recorded the highest expectations for increased wages bills for the coming quarter of any state or territory.
- Support for the Western Australian Government was unchanged during the past quarter and was the third least supported state or territory government in Australia.

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

	AUG 2007	NOV 2007	FEB 2008	AUG 2008	NOV 2008
	%	%	%	%	%
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS					
POSITIVE	79	72	70	67	60
NEGATIVE	7	13	12	12	17
*NET BALANCE	+72	+59	+58	+55	+43

TOTAL SMALL AND MEDIUM BUSINESS – WESTERN AUSTRALIA		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		MAY-JUL 07	AUG-OCT 07	NOV-JAN 07/08	FEB-APR 08	MAY-JUL 08	AUG-OCT 07	NOV-JAN 07/08	FEB-APR 08	MAY-JUL 08	AUG-OCT 08
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	53	51	38	41	39	47	50	55	41	47
	DECREASE	15	21	22	21	35	4	16	12	24	22
	NET BALANCE	+38	+30	+16	+20	+4	+43	+34	+43	+17	+25
SIZE OF WORKFORCE:	INCREASE	18	10	15	15	15	18	19	13	20	14
	DECREASE	6	12	12	12	10	1	1	5	6	4
	NET BALANCE	+12	-2	+3	+3	+5	+17	+18	+8	+14	+10
WAGES BILL:	INCREASE	33	31	34	32	29	32	26	27	34	31
	DECREASE	2	9	7	12	8	2	11	4	8	7
	NET BALANCE	+31	+22	+27	+20	+21	+30	+15	+23	+26	+24
PRICES:	INCREASE	32	31	35	38	45	31	34	40	45	35
	DECREASE	2	8	3	3	3	1	3	1	3	1
	NET BALANCE	+30	+23	+32	+35	+42	+30	+31	+39	+42	+34
PROFITABILITY:	INCREASE	44	44	38	37	29	45	46	56	39	41
	DECREASE	18	22	24	30	33	6	18	10	25	23
	NET BALANCE	+26	+22	+14	+7	-4	+39	+28	+46	+14	+18
CAPITAL EXPENDITURE:	INCREASE	27	20	17	26	20	20	25	28	22	19
	DECREASE	24	26	26	25	31	28	22	22	31	32
	NET BALANCE	+3	-6	-9	+1	-11	-8	+3	+6	-9	-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 – Tasmania

- Business confidence among SMEs in Tasmania recorded the highest rise during the quarter to be the highest of any state or territory.
- SMEs in Tasmania reported an increase in performance for sales, prices and capital expenditure in the past quarter, however all other performance indicators fell, with the exception of employment, which was unchanged.
- Tasmanian SMEs were expecting better conditions moving forward, with the strongest short-term expectations for sales and profitability of any state or territory.
- Support for the Tasmanian Government's policies continued to improve during the quarter.

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

	AUG 2007	NOV 2007	FEB 2008	AUG 2008	NOV 2008
	%	%	%	%	%
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS					
POSITIVE	69	68	69	59	68
NEGATIVE	9	14	14	19	17
*NET BALANCE	+60	+54	+56	+40	+51

TOTAL SMALL AND MEDIUM BUSINESS – TASMANIA		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		MAY-JUL 07	AUG-OCT 07	NOV-JAN 07/08	FEB-APR 08	MAY-JUL 08	AUG-OCT 07	NOV-JAN 07/08	FEB-APR 08	MAY-JUL 08	AUG-OCT 08
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	33	43	42	34	39	46	60	41	25	42
	DECREASE	34	20	17	23	26	10	5	14	24	9
	NET BALANCE	-1	+23	+25	+11	+13	+36	+55	+27	+1	+33
SIZE OF WORKFORCE:	INCREASE	15	17	15	11	10	16	19	9	9	12
	DECREASE	15	8	7	14	13	4	3	7	3	1
	NET BALANCE	+0	+9	+8	-3	-3	+12	+16	+2	+6	+11
WAGES BILL:	INCREASE	24	24	22	19	23	26	30	18	17	22
	DECREASE	15	8	11	10	18	9	5	9	12	3
	NET BALANCE	+9	+16	+11	+9	+5	+17	+25	+9	+5	+19
PRICES:	INCREASE	22	32	35	34	40	33	23	43	43	39
	DECREASE	2	1	2	1	6	1	0	2	3	1
	NET BALANCE	+20	+31	+33	+33	+34	+32	+23	+41	+40	+38
PROFITABILITY:	INCREASE	29	36	37	28	30	47	55	40	22	34
	DECREASE	32	26	19	28	32	11	7	13	30	14
	NET BALANCE	-3	+10	+18	+0	-2	+36	+48	+27	-8	+20
CAPITAL EXPENDITURE:	INCREASE	30	30	16	23	25	36	35	19	22	19
	DECREASE	30	23	28	27	27	27	24	19	28	28
	NET BALANCE	+0	+7	-12	-4	-2	+9	+11	0	-6	-9

* 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 a fall in SME confidence in the past quarter, with confidence well above the national average.
- The Northern Territory recorded the highest perceptions of the current state of the Australian economy among its SMEs of any state or territory, at net negative 20 per cent.
- SMEs in the Northern Territory recorded increases in performance indicators for sales and profitability, also recording the highest performance of any state or territory for these two indicators.
- The Northern Territory recorded the highest expectations for the coming quarter for prices among its SMEs of any state or territory.
- The Northern Territory recorded the highest expectations for the year ahead for sales, profitability and capital expenditure, but SMEs in the Territory were also most likely to be expecting to increase their prices over the year ahead.
- Support for the Northern Territory Government decreased during the quarter.

Trends in past three months' experience and current quarter expectations – Northern Territory					
	AUG 2007	NOV 2007	FEB 2008	AUG 2008	NOV 2008
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS	%	%	%	%	%
POSITIVE	75	78	81	69	63
NEGATIVE	7	6	7	11	17
*NET BALANCE	+68	+72	+74	+58	+46

TOTAL SMALL AND MEDIUM BUSINESS – NORTHERN TERRITORY	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
	MAY-JUL 07 %	AUG-OCT 07 %	NOV-JAN 07/08 %	FEB-APR 08 %	MAY-JUL 08 %	AUG-OCT 07 %	NOV-JAN 07/08 %	FEB-APR 08 %	MAY-JUL 08 %	AUG-OCT 08 %
SALES VALUE: INCREASE	54	47	43	39	46	46	33	52	50	36
DECREASE	11	13	20	22	19	10	19	12	11	18
NET BALANCE	+43	+34	+23	+17	+27	+36	+14	+40	+39	+18
SIZE OF WORKFORCE: INCREASE	15	26	18	20	15	16	12	24	17	15
DECREASE	14	7	17	16	14	4	9	5	4	9
NET BALANCE	+1	+19	+1	+4	+1	+12	+3	+19	+13	+6
WAGES BILL: INCREASE	33	26	21	32	29	26	20	34	37	25
DECREASE	10	4	14	11	9	9	8	6	6	10
NET BALANCE	+23	+22	+7	+21	+20	+17	+12	+28	+31	+15
PRICES: INCREASE	26	28	33	33	34	33	26	31	46	40
DECREASE	1	2	3	1	6	1	3	2	1	1
NET BALANCE	+25	+26	+30	+32	+28	+32	+23	+29	+45	+39
PROFITABILITY: INCREASE	40	43	37	30	45	47	27	40	47	34
DECREASE	13	14	24	27	18	11	11	12	12	19
NET BALANCE	+27	+29	+13	+3	+27	+36	+16	+28	+35	+15
CAPITAL EXPENDITURE: INCREASE	26	25	19	31	21	22	20	35	20	20
DECREASE	32	16	28	22	26	33	30	22	26	32
NET BALANCE	-6	+9	-9	+9	-5	-11	-10	+13	-6	-12

* 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 fell during the quarter among Australian Capital Territory SMEs, however was well above the national average.
- SMEs in the Australian Capital Territory recorded the highest future expectations for the Australian economy of SMEs in any state or territory, at net negative 12 per cent.
- In addition to the fall in confidence, SMEs in the Australian Capital Territory recorded falls in performance in the past quarter for sales, employment and profitability.
- Employment and capital expenditure performances were lowest among Australian Capital Territory SMEs.
- SMEs in the Australian Capital Territory were expecting the lowest results in capital expenditure for the current quarter of SMEs in any state or territory.
- SMEs in the Australian Capital Territory were the most likely to be facing problems caused by a lack of work or sales.
- Support for the Australian Capital Territory Government rose strongly during the quarter.

Trends in past three months' experience and current quarter expectations – Australian Capital Territory									
					AUG 2007	NOV 2007	FEB 2008	AUG 2008	NOV 2008
					%	%	%	%	%
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS									
POSITIVE					67	69	59	49	58
NEGATIVE					11	14	14	26	21
*NET BALANCE					+56	+55	+44	+23	+37

TOTAL SMALL AND MEDIUM BUSINESS – AUSTRALIAN CAPITAL TERRITORY		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		MAY-JUL 07 %	AUG-OCT 07 %	NOV-JAN 07/08 %	FEB-APR 08 %	MAY-JUL 08 %	AUG-OCT 07 %	NOV-JAN 07/08 %	FEB-APR 08 %	MAY-JUL 08 %	AUG-OCT 08 %
SALES VALUE:	INCREASE	46	39	42	37	30	54	45	48	28	45
	DECREASE	24	32	28	44	45	12	20	20	30	20
	NET BALANCE	+22	+7	+14	-7	-15	+42	+25	+28	-2	+25
SIZE OF WORKFORCE:	INCREASE	21	14	13	15	13	25	13	19	8	12
	DECREASE	10	13	13	18	17	6	3	3	7	4
	NET BALANCE	+11	+1	0	-3	-4	+19	+10	+16	+1	+8
WAGES BILL:	INCREASE	33	22	28	23	24	28	28	22	21	25
	DECREASE	15	18	18	19	16	10	8	9	9	7
	NET BALANCE	+18	+4	+10	+4	+8	+18	+20	+13	+12	+18
PRICES:	INCREASE	26	28	29	25	31	26	35	34	28	27
	DECREASE	4	2	1	4	9	4	3	2	2	7
	NET BALANCE	+22	+26	+28	+21	+22	+22	+32	+32	+26	+20
PROFITABILITY:	INCREASE	43	35	32	35	23	52	44	48	23	37
	DECREASE	27	29	32	39	43	13	16	21	31	21
	NET BALANCE	+16	+6	0	-4	-20	+39	+28	+27	-8	+16
CAPITAL EXPENDITURE:	INCREASE	28	18	16	14	23	24	17	19	21	13
	DECREASE	23	30	30	29	34	33	25	30	28	34
	NET BALANCE	+5	-12	-14	-15	-11	-9	-8	-11	-7	-21

* 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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