

June 2009

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	12
Wages bill	13
Prices	14
Capital expenditure.....	15
Profitability	16
Exports	17
Assessment of Federal Government policies.....	18
Assessment of State and Territory Government policies	19
Impact of the current economic climate.....	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 manufacturing, wholesale and retail trade, hospitality, construction, communication, property, business services, health, community services, cultural and recreational industries.

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

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

The Sensis® *Business Index* is an initiative of Sensis Pty Ltd as part of its commitment to this vital business sector. Sensis is Telstra's advertising business and Australia's leading directories information resource, helping Australians find, buy and sell. Sensis delivers innovative and integrated local search and digital marketing solutions via print, online, voice and mobile channels to connect Australians 24 hours a day, seven days a week.

Sensis' powerful, multi-channel portfolio provides an unparalleled local information source incorporating the White Pages® and Yellow Pages® directories; the MediaSmart digital advertising business; the Whereis® digital mapping business; the Citysearch® entertainment and lifestyle website; the sensis.com.au search engine; the 1234 operator-assisted, premium voice information service; Universal Publisher's mapping publications; and the accommodation website gostay.com.au. Sensis is also a partner in some of China's most popular websites including real estate and home furnishings website, SouFun.com; auto websites Autohome.com and Che168.com; and digital devices websites IT168.com and PCPop.com.cn.

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

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

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

Interviewing for this survey was conducted from 6 May to 10 June 2009. The report covers experiences over the past three months (February 2009 to April 2009), and expectations for both the current quarter (May 2009 to July 2009) and the 12 months ending April 2010.

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

Executive summary

After recording sharp falls for the past year, business confidence among SMEs rebounded strongly during the past quarter, recording the strongest increase in a single quarter since the inception of the Sensis® *Business Index* in May 1993. This quarter's strong improvement follows the lowest level of business confidence in the history of the survey, which was recorded last quarter. In addition to improved levels of confidence, current perceptions of the economy rose for the first time since November 2007, with perceptions about the future economic direction up by 30 percentage points. The prime problem reported by SMEs this quarter continued to be a lack of work or sales, followed by cash flow and the economic climate. One in three SMEs reported that they currently faced no problems at all. SMEs reported improved performance in all key indicators with the exception of prices, which was unchanged. In addition, expectations for the next quarter and the year ahead also rose across all indicators, with the exceptions of prices, where expectations were unchanged in the short term.

Support for the Federal Government fell, however small businesses remained strongly supportive of the economic stimulus package and efforts to get the economy going. The Western Australian Government was the most supported government by SMEs overall, with the New South Wales Government remaining 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 rebounded during the past quarter recording the strongest rise since the inception of the Sensis® *Business Index* more than 16 years ago, rising some 18 percentage points during the quarter.
- The strongest level of business confidence was recorded in the Northern Territory. Despite recording a strong rise in SME confidence, New South Wales remained the state with the lowest level of business confidence. The largest increase in business confidence was recorded in Victoria.
- Perceptions of the current state of the Australian economy improved for the first time since November 2007. There was an even stronger improvement in the proportion of SMEs that felt the economy would be better in a year's time.
- All key performance indicators rose in the last quarter, with the exception of prices which was unchanged.
- In both the short and medium terms, SMEs were expecting increases for all indicators, with the only exceptions being prices in the short term where the expectation was unchanged.
- A lack of work or sales was the primary concern of SMEs this quarter, however this concern has continued to decline marginally for the past two quarters. This was followed by cash flow, which remained at the highest level since May 1999, and the economic climate, which recorded a small fall.
- Some 33 per cent of SMEs reported facing no problems in their business, up two percentage points in the past quarter.
- Support for the Federal Government's policies fell in the past quarter. While still net negative overall, SMEs were, on balance, strongly supportive of the economic stimulus package.
- The Western Australian 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 21st successive quarter.

Small versus medium enterprises

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

- Small businesses were more confident than medium businesses for the first time since the survey started including medium businesses in November 2000.
- Small businesses held improved views on the state of the economy, however both remained strongly net negative. Small businesses were six percentage points more positive about the current state of the economy, however medium businesses were six percentage points more positive about the economy in a year's time.
- Small businesses recorded higher performance than medium businesses for sales, employment, wages, profitability and capital expenditure in the past quarter.
- Medium businesses recorded higher performance than small businesses for prices.

Metropolitan versus regional

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

- Regional businesses remained more confident than their metropolitan counterparts for the fifth successive quarter. Businesses in regional areas noted their specific industries had not suffered a downturn as a key reason for confidence, along with feeling their businesses were established and experienced.
- Metropolitan businesses remained more negative than regional businesses about both the current state of the Australian economy, as well as about future economic expectations.
- Regional businesses reported higher performance than metropolitan businesses for all performance indicators in the past quarter.
- Metropolitan businesses reported higher expectations for the coming quarter than regional businesses for all indicators, with the exception of prices charged, where regional businesses were more likely to be expecting an increase.
- Metropolitan businesses were more supportive of the Federal Government's policies.

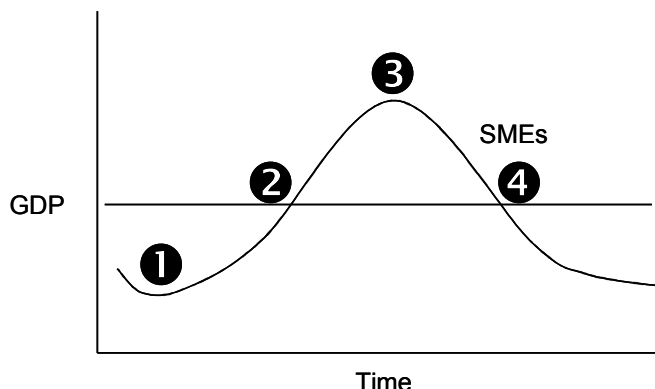
Industry sector trends

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

- Confidence was again highest in the health and community services sector.
- Confidence was lowest in the transport and storage sector.
- The cultural, recreational and personal services sector recorded the strongest improvement in confidence levels of any sector.
- The manufacturing sector recorded the weakest performance in all indicators with the exception of capital expenditure over the past quarter.
- The health and community services sector reported strong performance in the past quarter, with the highest net performance in sales, employment, wages and profitability.
- The retail trade sector recorded the highest proportion of SMEs that increased their prices charged in the past quarter.
- The equal strongest employment results were recorded in the health and community services and accommodation, cafes and restaurant sectors.
- Looking ahead the cultural, recreational and personal services sector recorded the strongest expectations for the coming quarter for sales, employment, wages and profitability. The wholesale trade sector was the most likely to be expecting to increase capital expenditure in the coming quarter. The transport and storage sector held the lowest expectations in sales, wages and profitability for the coming quarter.
- The cultural, recreational and personal services sector was the most supportive of the Federal Government's policies, with the wholesale trade sector the least supportive.

SME business cycle analysis

The Business Cycle and SMEs



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

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

Analysis of the key indicators from the June 2009 Sensis® Business Index suggests an economic environment that is potentially starting to rebound. Most key indicators reported significant improvement in the past quarter, in line with the increase in business confidence. Positively, continued improvement was expected across almost all indicators for both the short term and the year ahead. Confidence has rebounded from the lowest level since the survey started more than 16 years ago, to this quarter which recorded the strongest rise in the survey’s history. The strongest impact of the economic climate is that SMEs continue to report falling demand, and countering this remains their prime concern.

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

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

Small and medium business outlook – national summary

Confidence in own business prospects over the next 12 months

Key findings

The confidence levels of Australian SMEs has rebounded strongly in the past quarter, recording the largest rise in a single quarter since the inception of the Sensis® Business Index in 1993.

The key reasons SMEs gave for improved confidence this quarter related to feeling they were established and experienced in their business operations and that they provided good customer service. The main reasons given by those SMEs that were concerned were a decrease in business and concern over economic downturn.

Last quarter (February to April 2009)

SMEs recorded a strong improvement in business confidence with a net balance of 30 per cent. This result comprises 54 per cent of businesses that were confident about their prospects for the year ahead and 24 per cent that were concerned.

The rise in SME confidence levels of 18 percentage points reflects a rebound in SME sentiment, with confidence prior to this having been at the lowest level since the inception of the Sensis® Business Index in 1993. While confidence is still far from its recent peak of 59 per cent in August 2007 before Australian economic conditions started deteriorating, it is the highest level of confidence in the past year and the first increase in confidence since February 2008.

The main reason businesses gave for feeling worried about their prospects related to a decrease in business, with SMEs concerned about economic downturn and feeling that people were not spending at the moment.

By comparison, those businesses that were confident indicated they felt their businesses were established and experienced in their business operations; they had good customer relations and that they had small niche markets as the key reasons behind their confidence.

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

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

These results show the latest increase in business confidence is consistent with SME views on the economy also improving. However, the current rebound must be viewed in the context of the significant decline in business conditions since November 2007 which brought most results to record lows.

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

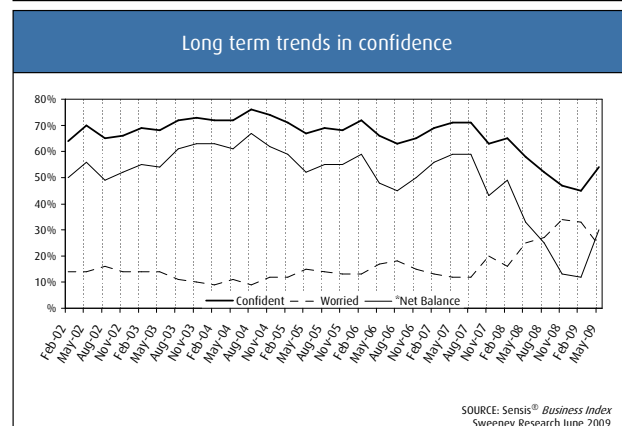
Overall confidence June 2009			
	Small Business (up to 19 employees)	Medium Business (20 - 199 employees)	Total Small and Medium
Extremely confident	11%	6%	11%
Fairly confident	42%	46%	43%
Neutral	23%	20%	23%
Fairly worried	20%	24%	20%
Extremely worried	4%	3%	4%
Total confident	53%	52%	54%
Total worried	24%	27%	24%
*Net Balance	+29%	+25%	+30%

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

SOURCE: Sensis® Business Index
Sweeney Research – June 2009

Confidence trends - past five quarters					
	May 08	Aug 08	Nov 08	Feb 09	May 09
Extremely confident	12%	10%	8%	7%	11%
Fairly confident	46%	42%	39%	38%	43%
Neutral	17%	21%	18%	22%	23%
Fairly worried	21%	21%	28%	26%	20%
Extremely worried	4%	6%	6%	7%	4%
Total confident	58%	52%	47%	45%	54%
Total worried	25%	27%	34%	33%	24%
*Net Balance	+33%	+25%	+13%	+12%	+30%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009



Confidence by state, sector and size

Key findings

The highest levels of business confidence in the past quarter were recorded in the Northern Territory. SMEs in Victoria recorded the largest rise in confidence in the past quarter. The lowest level of business confidence was again recorded in New South Wales. Regional businesses reported slightly higher confidence levels than their metropolitan counterparts. Confidence was highest among SMEs in the health and community services sector, and lowest among SMEs in the transport and storage sector.

Last quarter (February to April 2009)

The highest overall confidence was recorded in the Northern Territory, with the lowest confidence levels again recorded in New South Wales. All states and territories recorded increased business confidence in the past quarter. The largest rise in SME confidence was recorded in Victoria, where confidence was up by 24 percentage points, with the smallest increase in confidence recorded in Western Australia, where confidence rose by only one percentage point.

The health and community services sector recorded the highest confidence at a net 48 per cent, however this was down by 11 percentage points in the past quarter. The lowest confidence levels this quarter were recorded in the transport and storage sector, with a net balance of four per cent, a fall of ten percentage points. These were the only two sectors to record lower confidence levels in the past quarter. The cultural, recreational and personal services sector recorded the largest improvement, with confidence having risen by 39 percentage points in that sector.

Confidence was higher among businesses in regional areas for the fifth successive quarter. Despite this being the case overall, higher metropolitan confidence levels were recorded in South Australia and the Northern Territory. The highest confidence by location overall was in metropolitan areas of the Northern Territory. The largest increase was among those SMEs in regional Victoria. Confidence rose in most areas last quarter, with the largest fall recorded in metropolitan Queensland. The only other area to report falling confidence was metropolitan Western Australia, with confidence in metropolitan areas of the Northern Territory unchanged.

Trends by state *net balance					
	May 08	Aug 08	Nov 08	Feb 09	May 09
National	33%	25%	13%	12%	30%
New South Wales	11%	7%	5%	-3%	20%
Victoria	48%	20%	11%	11%	35%
Queensland	42%	48%	25%	28%	32%
South Australia	36%	36%	12%	16%	33%
Western Australia	55%	43%	14%	34%	35%
Tasmania	40%	51%	37%	20%	32%
Northern Territory	58%	46%	24%	43%	48%
Australian Capital Territory	23%	37%	16%	7%	27%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009

Metro and regional confidence *net balance			
	Metro	Regional	Total
National	26%	35%	30%
New South Wales	18%	24%	20%
Victoria	33%	41%	35%
Queensland	23%	41%	32%
South Australia	34%	24%	33%
Western Australia	28%	54%	35%
Tasmania	23%	37%	32%
Northern Territory	60%	33%	48%
Australian Capital Territory	27%	N/A	27%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009

Confidence by business size			
	Confident	Worried	*Net Balance
Total	54%	24%	30%
1-2 Employees	48%	25%	23%
3-4 Employees	63%	21%	42%
5-9 Employees	57%	21%	36%
10-19 Employees	51%	32%	19%
Total Small Business	53%	24%	29%
20-99 Employees	53%	28%	25%
100-199 Employees	45%	29%	16%
Total Medium Business	52%	27%	25%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009

Confidence by sector			
	Confident	Worried	*Net Balance
Manufacturing	47%	31%	16%
Building/Construction	53%	20%	33%
Wholesale Trade	51%	27%	24%
Retail Trade	50%	32%	18%
Transport/Storage	41%	37%	4%
Communication Property & Business Services	52%	23%	29%
Finance and Insurance	59%	13%	46%
Health and Community Services	58%	10%	48%
Cultural, Recreational and Personal	66%	20%	46%
Accommodation, Cafes and Restaurants	69%	17%	52%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009

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

Perceptions of the economy

Key findings

In line with improved confidence, net perceptions of the Australian economy also improved among SMEs for the first time since November 2007. SMEs' future economic expectations also rose strongly from the previous quarter's result to be at their highest point in eighteen months.

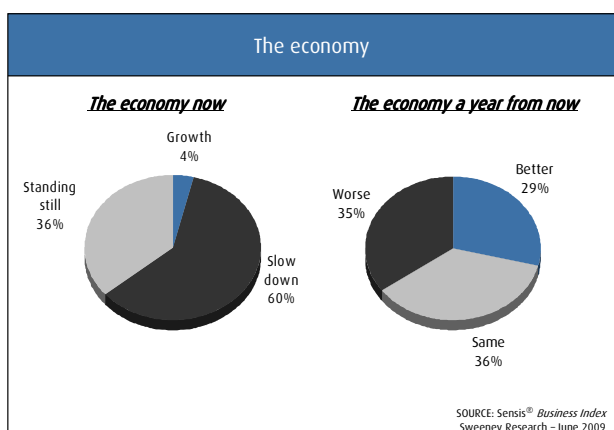
Last quarter (February to April 2009)

There was an increase of two percentage points in the proportion of SMEs that felt the economy was currently growing. Coupled with this was a decrease of 14 percentage points in the proportion of SMEs that felt the economy was currently slowing. This resulted in a rise in the overall perception of the current state of the economy, with a net balance of 56 per cent of businesses believing the Australian economy is currently slowing. This was a strong improvement of 16 percentage points from last quarter – the first improvement in this indicator since November 2007.

Every state and territory continued to record a strong net negative perception of the current state of the Australian economy. The highest perceptions of the economy were recorded in the Northern Territory at a net negative 41 per cent. The weakest perceptions were recorded among SMEs in Victoria (net balance of negative 61 per cent, up from net negative 77 per cent last quarter).

Despite the overall net negative results, all states and territories record improving views of the economy. The largest improvement was in the Northern Territory where perceptions of the current state of the economy increased by 26 percentage points in the past quarter.

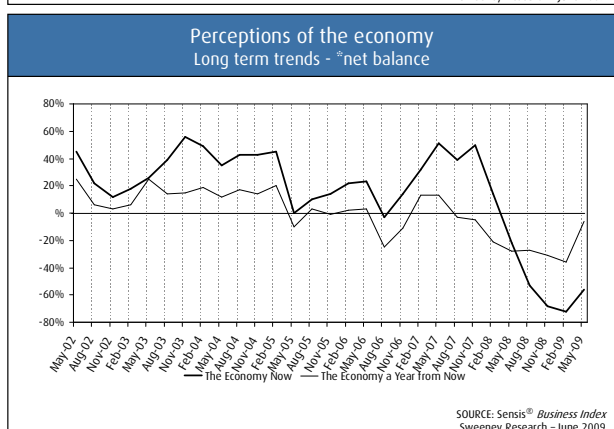
Expectations for the year ahead also improved, with net negative six per cent of SMEs believing the economy would be worse in a year's time. This represents a rise of 30 percentage points from last quarter's result, bringing this result to its highest level since November 2007.



Perceptions of the economy - trends

	May 08	Aug 08	Nov 08	Feb 09	May 09
<i>The economy now</i>					
Growth	24%	10%	4%	2%	4%
Slowing	46%	6%	72%	74%	60%
*Net Balance	-22%	-53%	-68%	-72%	-56%
<i>The economy a year from now</i>					
Better	16%	15%	14%	15%	29%
Worse	44%	42%	45%	51%	35%
*Net Balance	-28%	-27%	-31%	-36%	-6%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009



Perceptions of the economy by state

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
<i>The economy now</i>								
Growth	3%	4%	3%	2%	5%	4%	7%	4%
Slowing	59%	65%	60%	55%	56%	59%	48%	59%
*Net Balance	-56%	-61%	-57%	-53%	-51%	-55%	-41%	-55%
<i>The economy a year from now</i>								
Better	28%	29%	28%	33%	29%	27%	26%	34%
Worse	38%	36%	34%	32%	31%	25%	27%	29%
*Net Balance	-10%	-7%	-6%	+1%	-2%	+2%	-1%	+5%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009

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

Expectations on key indicators for the next 12 months

Key findings

With confidence improving and SMEs recording more optimistic economic views, it is not surprising the proportion of SMEs that were expecting their business performance to improve significantly in the next twelve months with all indicators increasing for the year ahead.

Next 12 months (May 2009 to April 2010)

Sales expectations rose during the quarter from net negative 11 per cent to a net positive 18 per cent, an increase of 29 percentage points. This result comprised 45 per cent of businesses that thought sales would rise in the next year, while 27 per cent expected a fall. SMEs in South Australia recorded the strongest net sales expectations by state and territory for the year ahead, with a net balance result of 32 per cent. The cultural, recreational and personal services sector recorded the strongest industry result with a net balance of 47 per cent. The building and construction sector was at the other end of the scale with a net balance result of negative one per cent.

Employment expectations for the year ahead also rose with a net balance of seven per cent, an improvement of six percentage points from last quarter. At a state level the Northern Territory recorded the highest results with a net balance of 11 per cent. Across the nation, metropolitan businesses recorded slightly higher employment expectations for the next twelve months compared to regional businesses (eight per cent in metropolitan areas compared to negative six per cent in regional areas). At an industry level the cultural, recreational and personal services sector recorded the strongest employment result at 21 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 three per cent.

The total wages and salary costs expectations for the year ahead rose 14 percentage points during the quarter, with a net balance result of 21 per cent of businesses expecting an increase. The strongest wage expectations for the year ahead were recorded in Queensland (25 per cent). The health and community services sector was again the industry expecting the greatest increase in wages over the next year (42 per cent).

The selling price expectations for the year ahead increased six percentage points during the quarter, with a net balance of 30 per cent of SMEs expecting to increase the prices they charge over the year ahead. At the state and territory level South Australia recorded the strongest selling price expectations for the year ahead with a net balance result of 42 per cent. At an industry level the strongest price expectations for the year ahead was recorded in the accommodation, café and restaurant sector at 48 per cent.

Profitability expectations rose by 28 percentage points to net 16 per cent. South Australia recorded the strongest profit expectations for the year ahead with a net balance result of 27 per cent, up 28 percentage points. The lowest expectations were in the Australian Capital Territory with a net balance result of 12 per cent. At an industry level the cultural, recreational and personal services sector recorded the strongest annual profit expectations with a net balance result of 45 per cent.

Capital expenditure also recorded an improvement in expectations for the year ahead, up from negative 11 per cent to net positive seven per cent. The strongest capital expenditure expectations for the next twelve months were recorded in South Australia (19 per cent).

Expectations on key indicators over the next 12 months June 2009			
	Expect an increase	Expect a decrease	*Net Balance
Value of sales	45%	27%	+18%
Size of workforce	16%	9%	+7%
Wages bill	33%	12%	+21%
Prices charged	36%	6%	+30%
Profitability	44%	28%	+16%
Capital expenditure	33%	26%	+7%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009

Expectations on key indicators Trends in *net balance					
	May 08	Aug 08	Nov 08	Feb 09	May 09
Value of sales	38%	22%	4%	-11%	18%
Size of workforce	18%	10%	4%	1%	7%
Wages bill	35%	29%	13%	7%	21%
Prices charged	57%	52%	34%	24%	30%
Profitability	27%	14%	-2%	-12%	16%
Capital expenditure	4%	1%	-10%	-11%	7%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009

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

Concerns

Key findings

A lack of work or sales was the most pressing concern faced by SMEs in the latest survey, with concern over this issue continuing to fall marginally over the past two quarters. Some 33 per cent of SMEs reported they were currently facing no significant problems in their business, up two percentage points in the past quarter.

Last quarter (February to April 2009)

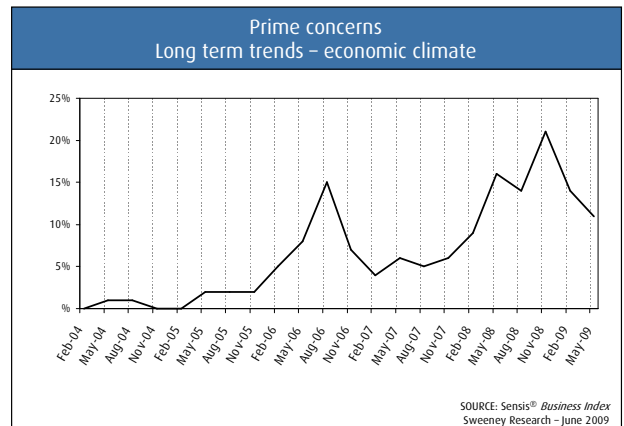
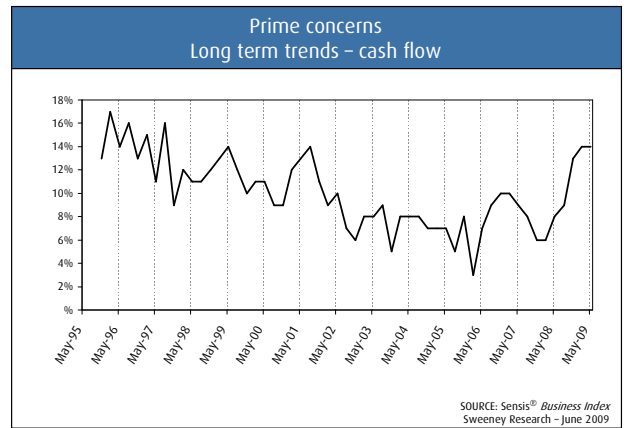
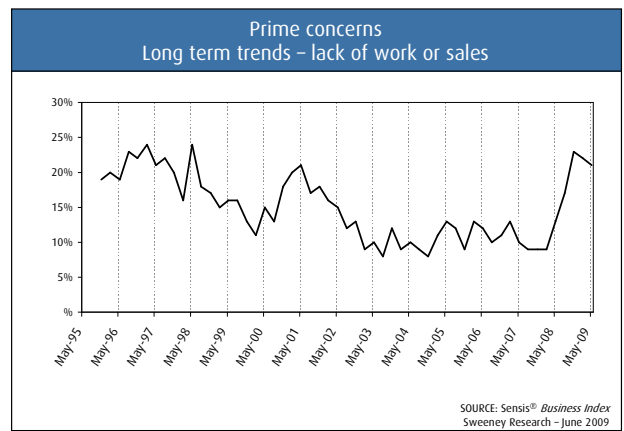
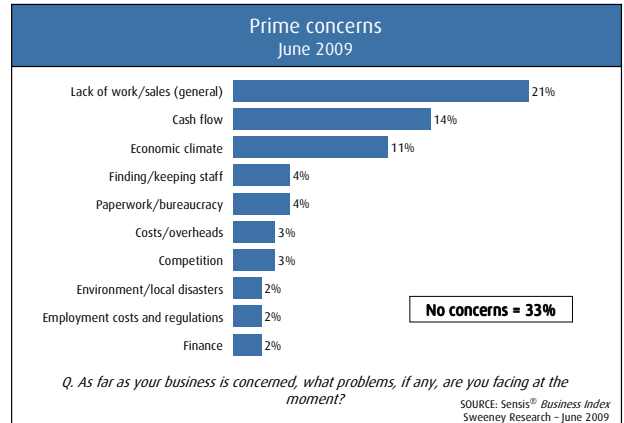
The proportion of SMEs reporting they were currently facing problems caused by a lack of work or sales fell one percentage point over the past quarter to 21 per cent, but remained the top concern facing SMEs in Australia for the fourth successive quarter. Reports of problems caused by a lack of work or sales were highest in the Australian Capital Territory, where this problem was being reported by 27 per cent of SMEs, and lowest in Tasmania and the Northern Territory, where 11 per cent each of SMEs reported difficulties in this area. SMEs in the manufacturing sector were most likely to report difficulties caused by a lack of work or sales this quarter.

Cash flow was the next most significant problem cited by SMEs in the past quarter, with 14 per cent of SMEs reporting problems in this area. This was followed by the economic climate, which was causing problems for some 11 per cent of SMEs.

The proportion of SMEs reporting difficulties with cash flow was unchanged over the past quarter at 14 per cent. This remains the highest level of concern for this issue since May 1999. Reports of difficulties with cash flow were highest in Victoria, where this problem was being reported by 18 per cent of SMEs, and lowest in Tasmania, where nine per cent reported difficulties in this area. SMEs in the manufacturing and wholesale trade sectors were most likely to report difficulties with cash flow this quarter.

Overall, 11 per cent of SMEs nominated the economic climate as an issue, which was down by three percentage points in the past quarter and ten percentage points from its peak level recorded two quarters ago. Concern over the economic climate includes issues such as consumer confidence and spending levels, interest and exchange rate concerns, concerns about the general economic climate, as well as global, state and regional economic concerns. The economic climate issue that was causing the most concern to SMEs this quarter was a lack of consumer confidence.

Some 33 per cent of SMEs reported currently facing no problems in their business, up two percentage points in the past quarter.



Sales

Key findings

The proportion of SMEs on balance reporting increased sales rose for the first time since August 2007. Despite the increase the proportion of SMEs recording a decrease in sales was still significantly higher than those recording an increase. Looking forward, there was also strong improvement in the proportions of SMEs expecting their sales to improve in both the short and medium terms.

Last quarter (February to April 2009)

Sales performance recorded a stronger net balance of net negative 14 per cent for the quarter, up by eight percentage points from last quarter. While remaining net negative, the increase recorded this quarter is the first rise in this indicator since August 2007.

Sales performance again varied dramatically across the states and territories. The Northern Territory recorded the strongest performance this quarter, where a net four per cent of SMEs experienced increasing sales in the past quarter. At the other end of the scale, sales performance was lowest among SMEs in Western Australia, where a net negative 25 per cent of SMEs reported increasing sales.

In line with their expectations from last quarter, the strongest sales performance was recorded in the health and community services sector, with a net balance of 16 per cent of SMEs having reported increasing sales. The manufacturing sector recorded the weakest industry performance, at net negative 46 per cent.

Current quarter (May to July 2009)

SMEs were expecting further strong improvement in sales in the short term. Sales expectations for the current quarter recorded a rise of 24 percentage points from the previous quarter to a net positive five per cent.

Expectations for sales growth again varied around the country, with the strongest expectations recorded in the Northern Territory at net positive 25 per cent. The weakest sales expectations for the coming quarter were recorded in Tasmania at a net negative six per cent.

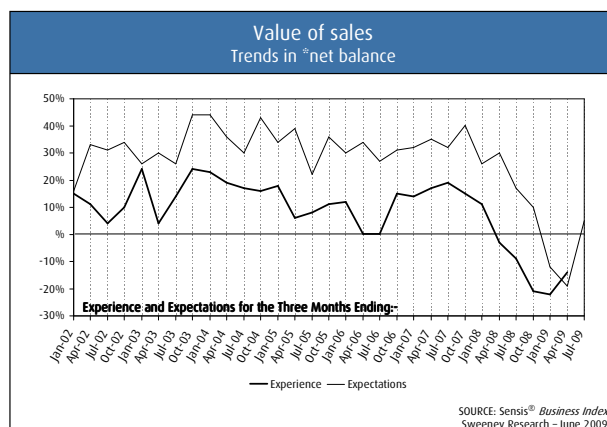
There was also variation in expectations on an industry basis. The strongest expectations for the current quarter were recorded in the cultural, recreational and personal services sector (net balance of 25 per cent). Mirroring this result, the retail trade sector recorded the lowest level of expectations (net negative 25 per cent).

Next 12 months (May 2009 to April 2010)

Twelve-month sales expectations rose from a net negative 11 per cent to a net positive 18 per cent, an increase of 29 percentage points. The result comprised 45 per cent of businesses that believed sales would increase in the year ahead and 27 per cent that thought they would fall. Sales expectations for the year ahead were highest in South Australia at net 32 per cent.

Value of sales					
	May 08	Aug 08	Nov 08	Feb 09	May 09
Last Quarter					
Experienced increase	34%	29%	26%	23%	29%
No change	28%	33%	27%	32%	28%
Experienced decrease	37%	38%	47%	45%	43%
*Net Balance	-3%	-9%	-21%	-22%	-14%
Current Quarter					
Expect increase	40%	36%	26%	24%	32%
No change	36%	38%	36%	33%	41%
Expect decrease	23%	26%	38%	43%	27%
*Net Balance	+17%	+10%	-12%	-19%	+5%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009



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

Employment

Key findings

While some improvement was recorded, employment performance remained net negative overall with more SMEs reporting they decreased their employment levels than increased them. Positively, SMEs were expecting improvement in both the short term and for the year ahead.

Last quarter (February to April 2009)

The proportion of SMEs that increased employment during the past quarter was unchanged, with 11 per cent of SMEs reporting a rise during the past quarter. This was offset by the 14 per cent of businesses that reported declines. The net balance of negative three per cent was three percentage points higher than last quarter's result.

At a state level the best performing region was the Northern Territory at two per cent. At the other end of the scale, the Australian Capital Territory recorded a net balance result of negative nine per cent. At an industry level, the health and community services and accommodation, café and restaurant sectors recorded the strongest results at eight per cent each while the manufacturing sector recorded the lowest results at negative 25 per cent.

A lack of work or sales remained the main barrier to taking on new employees, reported by 42 per cent of SMEs that believed barriers existed, up 13 percentage points in the past quarter. With employment continuing to decrease overall, it is interesting to look at the reasons SMEs have decreased their employment levels this quarter. The main reasons for decreasing employment this quarter was again due to economic conditions, followed by staff resigning for other jobs and reducing staff to part-time due to economic conditions.

Current quarter (May to July 2009)

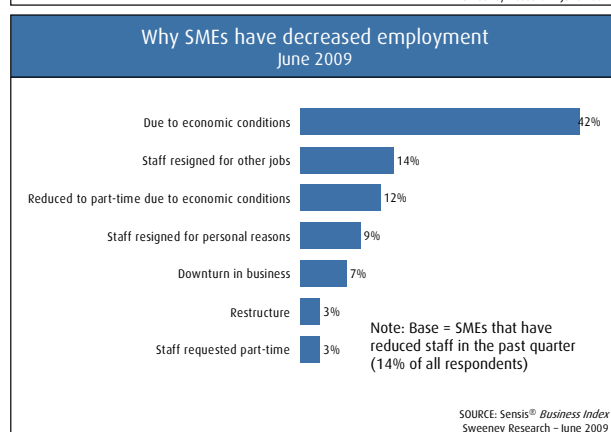
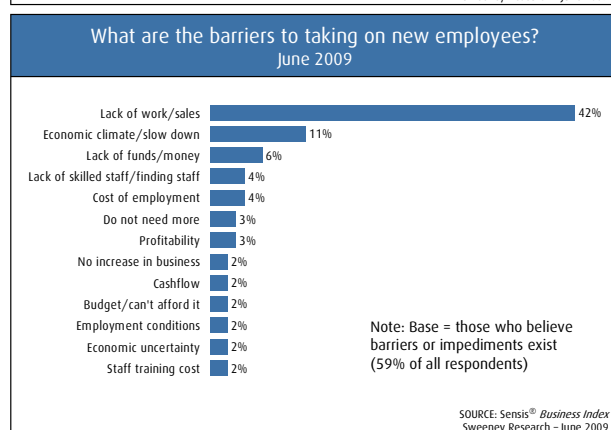
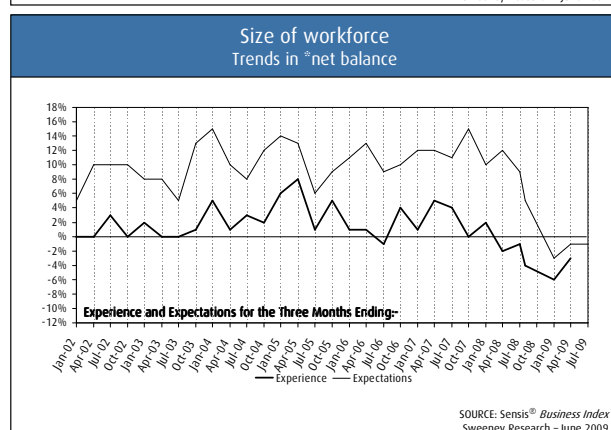
Employment expectations for the current quarter improved two percentage points to a net positive one per cent. SMEs in New South Wales and the Northern Territory recorded the strongest short-term employment expectations at a net balance of four per cent each. At the other end of the scale was Tasmania with a net balance result of negative six per cent.

Next 12 months (May 2009 to April 2010)

Employment expectations for the year ahead also rose six percentage points to a net balance result of seven per cent. The strongest expectations for the year ahead were recorded by SMEs in the Northern Territory (net 11 per cent), with the weakest in Queensland (net three per cent).

Size of workforce					
	May 08	Aug 08	Nov 08	Feb 09	May 09
Last Quarter					
Experienced increase	13%	13%	12%	11%	11%
No change	71%	74%	72%	72%	75%
Experienced decrease	15%	14%	16%	17%	14%
*Net Balance	-2%	-1%	-4%	-6%	-3%
Current Quarter					
Expect increase	15%	12%	8%	9%	10%
No change	78%	80%	80%	80%	82%
Expect decrease	6%	7%	11%	10%	9%
*Net Balance	9%	+5%	-3%	-1%	+1%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009



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

Wages bill

Key findings

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

Last quarter (February to April 2009)

The most recent quarter saw a rise of five percentage points in the proportion of SMEs reporting increased wage costs, with the performance result increasing to a net negative three per cent. Despite the increase this indicator remains net negative overall, reflecting more SMEs decreased the amount they were spending on wages, compared to those reporting a larger wages bill.

During the quarter, 17 per cent of SMEs experienced a rise in total wage costs, while 20 per cent recorded a decline. SMEs in the Northern Territory recorded the highest net result in total wage costs (net seven per cent), while the lowest wage pressures were in Western Australia (net negative nine per cent). The strongest net result in total wage costs was recorded in the health and community services sector (net 23 per cent).

Current quarter (May to July 2009)

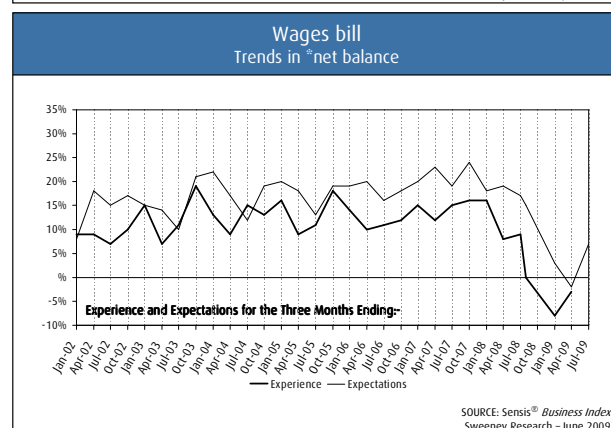
More SMEs were expecting increases in wages in the short term, with net expectations for total wage costs rising to a net positive seven per cent for the current quarter from net negative two per cent last quarter. The highest wage expectations were in the Northern Territory, with a net balance of 13 per cent of SMEs expecting an increase in their total wages bill in the coming quarter. SMEs in the Australian Capital Territory were least likely to be expecting an increase in their wages bill in the current quarter (net negative four per cent).

Next 12 months (May 2009 to April 2010)

Expectations for total wage and salary costs for the coming year also rose during the quarter, with a net balance of 21 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 14 percentage points. The SMEs most likely to be expecting increases to their wages bills were in Queensland at a net 25 per cent. SMEs in the Northern Territory were least likely to expect an increase in their total wages bill in the coming year (net 14 per cent).

Wages bill					
	May 08	Aug 08	Nov 08	Feb 09	May 09
Last Quarter					
Experienced increase	23%	24%	19%	13%	17%
No change	55%	57%	57%	59%	63%
Experienced decrease	15%	15%	19%	21%	20%
*Net Balance	+8%	+9%	0%	-8%	-3%
Current Quarter					
Expect increase	27%	25%	17%	16%	19%
No change	60%	62%	65%	61%	69%
Expect decrease	10%	10%	14%	18%	12%
*Net Balance	+17%	+15%	+3%	-2%	+7%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009



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

Prices

Key findings

The net proportion of SMEs that increased their prices was unchanged during the past quarter. Looking ahead, there was also no change in the overall proportion of SMEs expecting to increase their prices in the coming quarter, but there was an increase in expectations for the year ahead.

Last quarter (February to April 2009)

The proportion of businesses that increased prices was unchanged during the quarter, at a net balance result of 12 per cent. This result remains less than half the level recorded at the same time last year.

Of all states and territories, the strongest price trends were recorded by SMEs in the Northern Territory, with a net balance of 21 per cent. The lowest results were recorded by SMEs in the Australian Capital Territory, with a net balance of six per cent. The strongest price rises were recorded in the retail trade sector, with a net balance result of 29 per cent. The weakest outcome was recorded in the manufacturing sector, with a net balance result of negative six per cent.

Current quarter (May to July 2009)

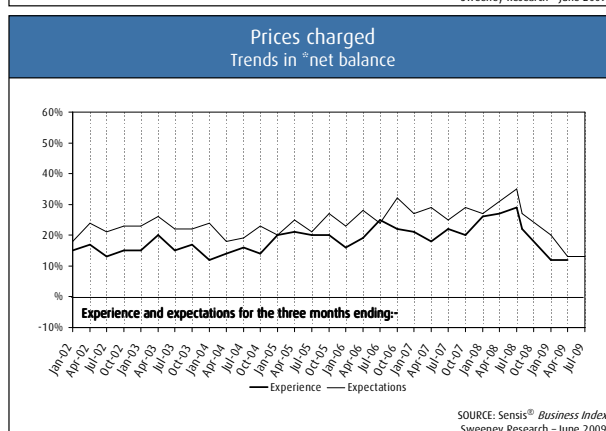
SME expectations for price rises in the short term were also unchanged during the quarter at a net balance result of 13 per cent. Western Australia recorded the strongest price rise expectations, with a net balance result of 22 per cent, while Victoria again recorded the weakest price rise expectations, with a net balance of 10 per cent.

Next 12 months (May 2009 to April 2010)

At a net balance of 30 per cent, expectations for price rises in the coming year rose by six percentage points during the past quarter. Year-ahead expectations for price increases were strongest among SMEs in South Australia at net 42 per cent, and in the accommodation, café and restaurant sector, with a net balance result of 48 per cent.

Prices charged					
	May 08	Aug 08	Nov 08	Feb 09	May 09
Last Quarter					
Experienced increase	32%	32%	27%	22%	20%
No change	64%	65%	68%	66%	73%
Experienced decrease	5%	3%	5%	10%	8%
*Net Balance	+27%	+29%	+22%	+12%	+12%
Current Quarter					
Expect increase	38%	32%	25%	21%	18%
No change	59%	63%	69%	70%	78%
Expect decrease	3%	5%	5%	8%	5%
*Net Balance	+35%	+27%	+20%	+13%	+13%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009



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

Capital expenditure

Key findings

The proportion of SMEs reporting growth in capital expenditure continued marginal improvement from a relatively weak position. While also remaining net negative overall, there was also an improvement in the short term expectation, however more significant improvement was expected for the year ahead.

Last quarter (February to April 2009)

SME performance in capital expenditure recorded a net negative 11 per cent result. This result represented an increase of one percentage point; however capital expenditure remained in net negative territory for the eighth successive quarter.

The strongest result was in Queensland, with a net balance result of positive four per cent of SMEs increasing capital expenditure. Net positive results were also recorded in Western Australia and the Northern Territory (net positive one per cent each). The weakest result was in New South Wales, which recorded a net balance of negative 16 per cent.

While the cultural, recreational and personal services sector recorded the strongest capital expenditure performance (net positive one per cent), this was the only net positive result recorded in any industry in the past quarter. At the other end of the investment scale was the wholesale trade sector (negative 28 per cent).

Current quarter (May to July 2009)

While remaining net negative overall, capital expenditure expectations improved by eight percentage points for the coming quarter, with a net balance result of negative six per cent. The highest expectations were recorded by SMEs in South Australia at a net nine per cent. The weakest result was recorded by SMEs in Tasmania with a net balance of negative 13 per cent.

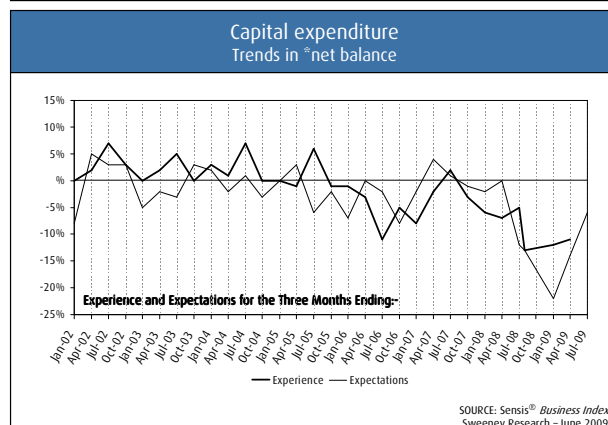
SMEs in the wholesale trade sector recorded the strongest expectations (nine per cent), while the cultural, recreational and personal services sector recorded the weakest result at a net negative 26 per cent.

Next 12 months (May 2009 to April 2010)

Capital expenditure expectations for the year ahead improved strongly during the quarter, with a net positive seven per cent of SMEs expecting to increase their capital expenditure in the next 12 months, up from a net negative 11 per cent last quarter.

Capital expenditure					
	May 08	Aug 08	Nov 08	Feb 09	May 09
Last Quarter					
Experienced increase	22%	22%	19%	16%	21%
No change	47%	49%	43%	52%	46%
Experienced decrease	29%	27%	32%	28%	32%
*Net Balance	-7%	-5%	-13%	-12%	-11%
Current Quarter					
Expect increase	21%	20%	15%	19%	24%
No change	45%	46%	44%	46%	46%
Expect decrease	33%	33%	37%	33%	30%
*Net Balance	-12%	-13%	-22%	-14%	-6%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009



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

Profitability

Key findings

In line with improved confidence and sales, net profitability performance also improved during the past quarter, but remained net negative overall, with more SMEs reporting lower profitability than increased profitability in the past quarter. Positively, SMEs were expecting further improvement in profitability in both the coming quarter and the year ahead.

Last quarter (February to April 2009)

Profitability performance recorded a net balance result of negative 17 per cent for the past quarter. This result was up eight percentage points from the previous quarter. This is the first improvement in net profitability since May 2007. Overall however, profitability remained strongly net negative, with significantly more SMEs having experienced a decrease in profitability than an increase in the past quarter.

Across Australia the strongest profit experience was again reported by SMEs in South Australia with a net balance result of negative two per cent. The weakest performance was recorded in Western Australia at net negative 28 per cent. The strongest industry performance was recorded in the health and community services sector with a net balance result of positive nine per cent, with the weakest profitability performance recorded in the manufacturing sector (net negative 39 per cent).

Current quarter (May to July 2009)

Profitability expectations for the current quarter rose 14 percentage points to negative six per cent. At a state and territory level, the strongest expectations were recorded by SMEs in the Northern Territory at 17 per cent. The weakest state or territory was Tasmania with a net balance result of negative nine per cent.

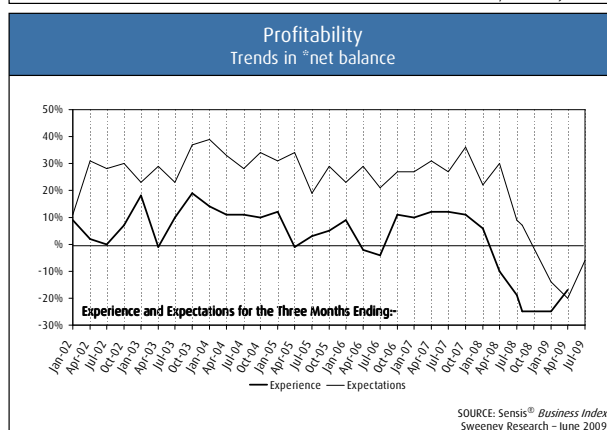
By industry, the cultural, recreational and personal services and accommodation, cafés and restaurants sectors recorded the strongest short-term profit expectations with a net balance result of 16 per cent each. The transport and storage sector recorded the weakest expectations with a net balance result of negative 23 per cent.

Next 12 months (May 2009 to April 2010)

Profitability expectations for the year ahead also rose during the quarter to a net balance result of positive 16 per cent, up 28 percentage points in the last quarter. At a state and territory level the strongest profit expectations were recorded by SMEs in South Australia with a net balance result of 27 per cent.

Profitability					
	May 08	Aug 08	Nov 08	Feb 09	May 09
Last Quarter					
Experienced increase	29%	23%	23%	21%	26%
No change	31%	35%	29%	33%	31%
Experienced decrease	39%	42%	48%	46%	43%
*Net Balance	-10%	-19%	-25%	-25%	-17%
Current Quarter					
Expect increase	35%	33%	25%	24%	24%
No change	38%	41%	36%	31%	45%
Expect decrease	26%	26%	39%	44%	30%
*Net Balance	+9%	+7%	-14%	-20%	-6%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009



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

Exports

Key findings

With economic conditions showing some improvement there was a small increase in the proportion of SMEs that exported goods and services in the past quarter. In conjunction with this improvement there was also an improvement in proportion of exporting SMEs reporting growth in the value of their exports in the past quarter.

Last quarter (February to April 2009)

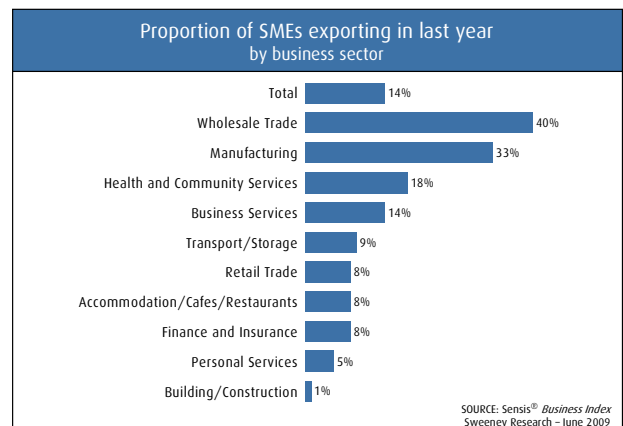
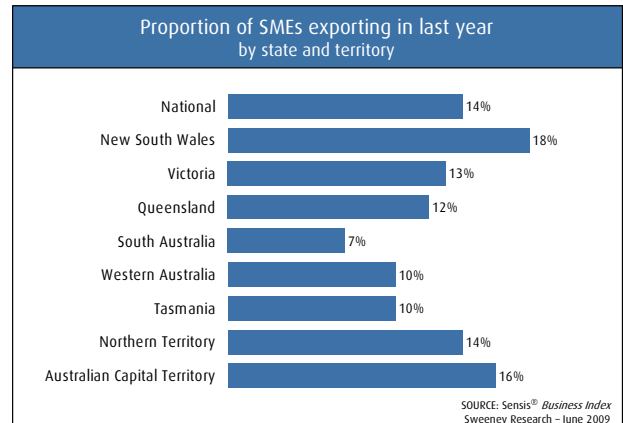
Fourteen per cent of SMEs reported exporting in the past quarter, up by one percentage point from the previous quarter. Increases in the proportion of SMEs exporting were recorded in New South Wales, South Australia, Western Australia, the Northern Territory and the Australian Capital Territory. New South Wales again recorded the highest proportion of exporting SMEs in Australia in the past quarter.

SMEs in metropolitan areas were more than twice as likely to export as their regional counterparts (17 per cent compared to seven per cent). SMEs in the wholesale trade sector were most likely to have exported in the past quarter.

Along with the stronger proportion of SMEs exporting, there was also an improvement in the net proportion of exporting SMEs that reported growth in the value of their exports. A net balance of negative 15 per cent reported an increase in the value of the goods and services exported in the past quarter, up five percentage points from last quarter's net balance of net negative 20 per cent.

Looking forward, more SMEs were expecting the value of their exports to increase over the next few months than decrease, with an even stronger growth in the proportions of small exporters that expect the value of their exports to increase over the year ahead. In the short term, the proportion of SMEs expecting growth in the value of their exports for the coming quarter was up to net nine per cent. There was an increase of 34 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 (42 per cent). Other strong results were seen for the United States at 38 per cent and the United Kingdom at 34 per cent, with 13 per cent of SME exporters reporting exports to China.



Value of exports - trends

	May 08	Aug 08	Nov 08	Feb 09	May 09
Last Quarter					
Experienced increase	29%	21%	21%	18%	20%
No change	55%	58%	43%	44%	45%
Experienced decrease	15%	21%	36%	38%	35%
*Net Balance	+14%	0%	-15%	-20%	-15%
Current Quarter					
Expect increase	25%	30%	30%	14%	23%
No change	65%	55%	53%	58%	64%
Expect decrease	9%	14%	17%	28%	14%
*Net Balance	+16%	+16%	+13%	-14%	+9%
Next 12 months					
Expect increase	55%	40%	49%	25%	50%
No change	37%	49%	37%	53%	38%
Expect decrease	8%	11%	15%	21%	12%
*Net Balance	+47%	+29%	+34%	+4%	+38%

Base: Exported goods or services overseas in last three months

SOURCE: Sensis® Business Index Sweeney Research – June 2009

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

Assessment of Federal Government policies

Key findings

Support among SMEs for the Federal Government was slightly lower during the quarter, falling by three percentage points.

Last quarter (February to April 2009)

The net balance result of a negative five per cent approval rating represented a fall of three percentage points in the past quarter. The result comprised 24 per cent (up three percentage points) of businesses that were supportive of the Federal Government’s small business policies, and 29 per cent (up six percentage points) that felt their policies worked against small business.

Tasmania again recorded the strongest levels of support among SMEs for the Federal Government’s policies, at net positive 11 per cent, with net positive ratings also recorded in Victoria. The regions most critical of the Federal Government’s small business policies were Queensland and the Australian Capital Territory, where the net balance of SMEs that felt the Federal Government’s policies supported small business was net negative 14 per cent each. All states and territories recorded a fall in SME support for the Federal Government with the exception of Victoria where support increased by two percentage points.

SMEs in metropolitan areas were more supportive of the Federal Government than their regional counterparts. The results show no difference in overall support levels between small and medium businesses this quarter.

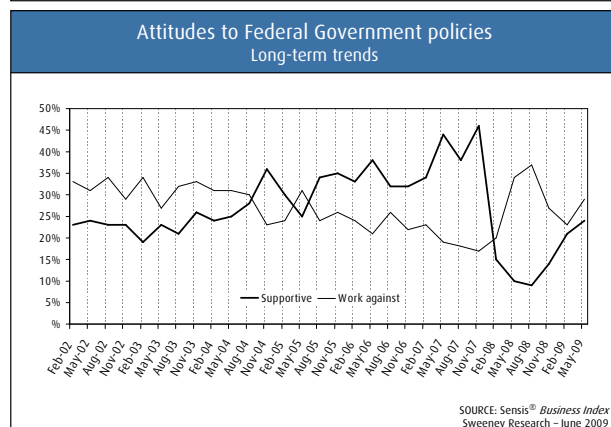
Again this quarter the Federal Government’s economic stimulus package provided the main reasons that SMEs gave for supporting the Federal Government. Apart from the economic stimulus package specifically being noted as the top reason for support, specific elements of the package such as the investment allowance for small businesses and infrastructure development were also mentioned as reasons for support.

The key reasons SMEs gave for feeling the Federal Government’s policies worked against them included a view that no incentives were offered to small business, there was too much bureaucracy, the government took too much notice of unions and they felt the workplace relations reforms would work against small businesses. Whereas last quarter the economic stimulus package was also mentioned at lower levels as not assisting small businesses at lower levels, this quarter those views had dropped even further.

Attitudes to Federal Government policies past five quarters					
	May 08	Aug 08	Nov 08	Feb 09	May 09
Supportive	10%	9%	14%	21%	24%
Work against	34%	37%	27%	23%	29%
No impact	56%	54%	59%	56%	47%
*Net Balance	-24%	-28%	-13%	-2%	-5%

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 – June 2009



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

Assessment of state and territory government policies

Key findings

The Western Australian Government was the most popular government in Australia among all SMEs in the past quarter. Despite a further small rise in support this quarter, the New South Wales Government remained the least popular state or territory government among SMEs for the 21st successive quarter.

Last quarter (February to April 2009)

The Western Australian Government recorded the highest approval rating from SMEs at net positive 12 per cent. This result was up nine percentage points from net positive three per cent last quarter. Small businesses cited a belief that the Western Australian Government was more supportive of small business, that there were resources available if small businesses wanted to access them and that they had been doing a lot of infrastructure development.

The Northern Territory Government recorded the second highest level of support by its SMEs at net positive five per cent; however this was a fall of ten percentage points in the past quarter. The main reasons SMEs gave for supporting the Northern Territory Government included again a belief they were trying to help small businesses, they had come to talk with or consult with their business, were approachable and provided good management training programs for small businesses.

The governments in Western Australia and the Northern Territory were the only governments to record net positive ratings from SMEs in the past quarter.

The largest increase in support was for the Western Australian Government, up nine percentage points in the past quarter. Apart from Western Australia, increases in support levels were also recorded in South Australia (up eight percentage points), and New South Wales (up one percentage point).

Despite the small improvement in support, the New South Wales Government remained the least supported government among SMEs. This was the 21st successive quarter the New South Wales Government has recorded the lowest result of any state or territory government, now sitting at net negative 39 per cent. The main reasons SMEs gave for not supporting the New South Wales Government was that they did not understand the needs of small business, a perception the government was not doing anything, did not know what they were doing and the government's payroll tax policies.

Attitudes to state or territory government policies June 2009								
	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Supportive	5%	14%	13%	10%	28%	6%	23%	9%
Work against	44%	25%	30%	25%	16%	19%	18%	22%
No impact	51%	62%	58%	65%	56%	75%	59%	69%
*Net Balance	-39%	-11%	-17%	-15%	+12%	-13%	+5%	-13%

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 – June 2009

Attitudes to state or territory government policies Trends in *net balance					
	May 08	Aug 08	Nov 08	Feb 09	May 09
New South Wales	-47%	-26%	-54%	-40%	-39%
Victoria	-14%	-15%	-13%	-10%	-11%
Queensland	-11%	-18%	-19%	-15%	-17%
South Australia	-12%	-25%	-20%	-23%	-15%
Western Australia	-22%	-22%	+8%	+3%	+12%
Tasmania	-16%	-12%	0%	-13%	-13%
Northern Territory	+8%	-14%	+7%	+15%	+5%
Australian Capital Territory	-20%	-10%	-13%	-11%	-13%

SOURCE: Sensis® Business Index
Sweeney Research – June 2009

* 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 there had only been a marginal increase in the proportion of SMEs impacted by economic downturn in the past quarter, with 60 per cent of SMEs believing the economy was currently slowing and 60 per cent of those reporting their business was currently being impacted as a result. Overall, that resulted in 36 per cent of all SMEs currently reporting impact from economic conditions, a significant decrease from 47 per cent of all SMEs last quarter. Decreases in the overall proportions of SMEs reporting economic impact were recorded in all states and territories in the past quarter.

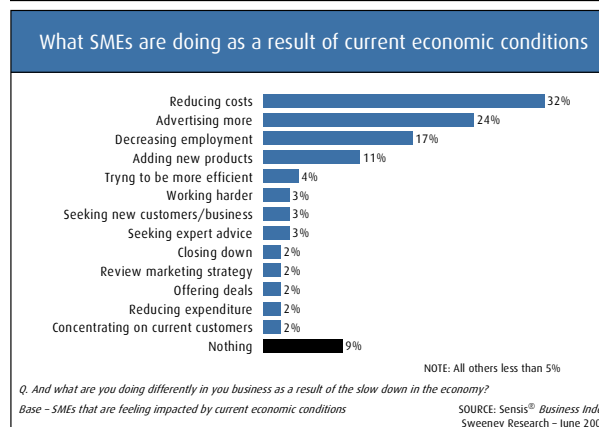
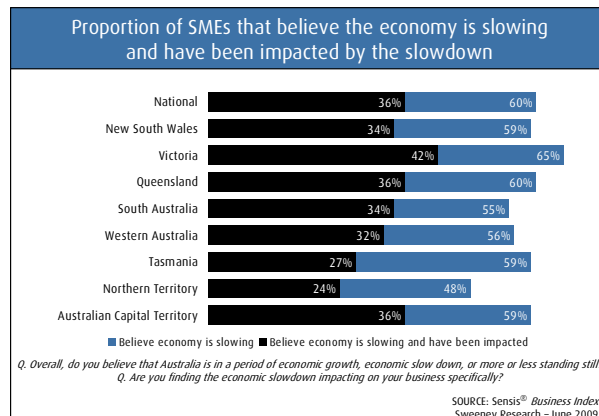
Victoria recorded the highest proportion of businesses overall that reported being impacted by the current economic conditions, with 42 per cent of all SMEs in that state reporting currently being impacted by economic conditions. While this was the highest level of any state impact, it has still dropped by six percentage points over the past quarter.

At the other end of the scale, only 24 per cent of SMEs in the Northern Territory reported being impacted by economic slowdown. This has also decreased from 30 per cent last quarter.

The main changes SMEs were making as a result of the economic downturn was to try to reduce costs, advertise more, decrease employment and add new products. While these were the main responses it is interesting to note the wide range of strategies that businesses are currently reporting to address economic downturn. While nine per cent of impacted businesses are doing nothing in response, this has dropped from 13 per cent last quarter, so there is currently a higher level of action to combat economic conditions by businesses.

Businesses in South Australia were most likely to report reducing costs in response, as were those in the transport and storage sector. Advertising more was most commonly reported by businesses in Queensland and those in the health and community services sector this quarter. Businesses in regional areas were slightly more likely to report advertising more in response to economic downturn compared to their metropolitan counterparts (27 per cent compared to 23 per cent).

Decreasing employment was most reported by businesses in Queensland with those in South Australia least likely to take this approach. By industry, businesses in the accommodation, cafes and restaurant sector were most likely to report reducing employment as a response to economic contraction.



Small and medium business outlook – national

- Business confidence recorded its strongest increase in a single quarter in the history of the Sensis® Business Index.
- Perceptions of the current state of the economy improved for the first time since November 2007, with future economic expectations also improving to their highest level since November 2007.
- Performance in all key indicators increased in the past quarter, with the exception of prices, which was unchanged.
- All expectations rose for the short term, with the exception of prices which was unchanged.
- All expectations rose for the year ahead.
- Support for the Federal Government's policies fell to a net negative five per cent. While still net negative overall, SMEs were on balance strongly supportive of the economic stimulus package.

Trends in past three months' experience and current quarter expectations – national											
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS						MAY 2008	AUG 2008	NOV 2008	FEB 2009	MAY 2009	
						%	%	%	%	%	
POSITIVE						58	52	47	45	54	
NEGATIVE						25	27	34	33	24	
*NET BALANCE						+33	+25	+13	+12	+30	
TOTAL SMALL AND MEDIUM BUSINESS – NATIONAL	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-					
	FEB-APR 08	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	
	%	%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	34	29	26	23	29	40	36	26	24	32
	DECREASE	37	38	47	45	43	23	26	38	43	27
	NET BALANCE	-3	-9	-21	-22	-14	+17	+10	-12	-19	+5
SIZE OF WORKFORCE:	INCREASE	13	13	12	11	11	15	12	8	9	10
	DECREASE	15	14	16	17	14	6	7	11	10	9
	NET BALANCE	-2	-1	-4	-6	-3	+9	+5	-3	-1	+1
WAGES BILL:	INCREASE	23	24	19	13	17	27	25	17	16	19
	DECREASE	15	15	19	21	20	10	10	14	18	12
	NET BALANCE	+8	+9	0	-8	-3	+17	+15	+3	-2	+7
PRICES:	INCREASE	32	32	27	22	20	38	32	25	21	18
	DECREASE	5	3	5	10	8	3	5	5	8	5
	NET BALANCE	+27	+29	+22	+12	+12	+35	+27	+20	+13	+13
PROFITABILITY:	INCREASE	29	23	23	21	26	35	33	25	24	31
	DECREASE	39	42	48	46	43	26	26	39	44	27
	NET BALANCE	-10	-19	-25	-25	-17	+9	+7	-14	-20	+4
CAPITAL EXPENDITURE:	INCREASE	22	22	19	16	21	21	20	15	19	24
	DECREASE	29	27	32	28	32	33	33	37	33	30
	NET BALANCE	-7	-5	-13	-12	-11	-12	-13	-22	-14	-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 – New South Wales

- New South Wales again recorded the lowest business confidence among SMEs during the quarter of any state or territory, despite recording the second strongest improvement this quarter.
- New South Wales recorded the lowest perceptions of the future state of the Australian economy among its SMEs of any state or territory.
- New South Wales SMEs saw improved performance in all indicators with the exception of capital expenditure in the past quarter.
- For the last quarter, New South Wales recorded the lowest proportion of SMEs in any state or territory that reported increased capital expenditure.
- For the coming quarter, SMEs in New South Wales recorded the highest level of expectations of any state or territory for employment.
- For the year ahead, SMEs in New South Wales recorded the lowest levels of expectations for sales.
- Support for the policies of the New South Wales Government among NSW SMEs rose in the past quarter however they remained the lowest for any state or territory government for the 21st successive quarter.

Trends in past three months' experience and current quarter expectations – New South Wales											
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS						MAY 2008	AUG 2008	NOV 2008	FEB 2009	MAY 2009	
						%	%	%	%	%	
POSITIVE						49	41	45	38	48	
NEGATIVE						38	34	40	41	28	
*NET BALANCE						+11	+7	+5	-3	+20	
TOTAL SMALL AND MEDIUM BUSINESS – NEW SOUTH WALES	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-					
	FEB-APR 08	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	
	%	%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	33	20	22	21	34	37	36	25	22	32
	DECREASE	47	44	55	51	41	32	30	44	50	29
	NET BALANCE	-14	-24	-33	-30	-7	+5	+6	-19	-28	+3
SIZE OF WORKFORCE:	INCREASE	15	12	13	10	12	12	10	9	6	13
	DECREASE	19	15	17	17	14	6	9	15	10	9
	NET BALANCE	-4	-3	-4	-7	-2	+6	+1	-6	-4	+4
WAGES BILL:	INCREASE	19	18	18	9	19	23	19	17	14	21
	DECREASE	20	18	21	24	20	14	11	13	19	12
	NET BALANCE	-1	0	-3	-15	-1	+9	+8	+4	-5	+9
PRICES:	INCREASE	31	23	27	17	20	32	25	21	20	15
	DECREASE	7	3	5	16	8	2	9	3	6	3
	NET BALANCE	+24	+20	+22	+1	+12	+30	+16	+18	+14	+12
PROFITABILITY:	INCREASE	28	17	23	20	28	31	30	24	24	31
	DECREASE	46	51	57	51	40	35	30	46	51	28
	NET BALANCE	-18	-34	-34	-31	-12	-4	0	-22	-27	+3
CAPITAL EXPENDITURE:	INCREASE	21	22	14	15	21	22	17	13	19	23
	DECREASE	29	28	38	27	37	37	36	40	34	35
	NET BALANCE	-8	-6	-24	-12	-16	-15	-19	-27	-15	-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 – Victoria

- Victoria recorded the strongest increase in business confidence among SMEs in the past quarter.
- SMEs in Victoria recorded the lowest net perceptions of the current state of the Australian economy of any state or territory for the second successive quarter.
- Performance indicators fell for all indicators with the exception of prices for Victorian SMEs in the past quarter.
- Victorian SMEs are expecting further increases for all indicators with the exception of employment in the coming quarter. Despite these increasing trends, expectations held by Victorian SMEs for prices are still the lowest of any state or territory.
- SME support for the Victorian Government fell marginally during the past quarter.

Trends in past three months' experience and current quarter expectations – Victoria											
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS						MAY 2008	AUG 2008	NOV 2008	FEB 2009	MAY 2009	
						%	%	%	%	%	
POSITIVE						67	50	47	45	57	
NEGATIVE						19	30	36	34	22	
*NET BALANCE						+48	+20	+11	+11	+35	
TOTAL SMALL AND MEDIUM BUSINESS – VICTORIA	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-					
	FEB- APR 08 %	MAY- JUL 08 %	AUG- OCT 08 %	NOV- JAN 08/09 %	FEB- APR 09 %	MAY- JUL 08 %	AUG- OCT 08 %	NOV- JAN 08/09 %	FEB- APR 09 %	MAY- JUL 09 %	
SALES VALUE:	INCREASE	37	34	29	21	25	46	33	27	19	32
	DECREASE	29	33	45	45	42	16	24	35	42	28
	NET BALANCE	+8	+1	-16	-24	-17	+30	+9	-8	-23	+4
SIZE OF WORKFORCE:	INCREASE	11	13	8	8	13	15	12	7	9	8
	DECREASE	14	12	15	15	16	7	7	10	10	11
	NET BALANCE	-3	+1	-7	-7	-3	+8	+5	-3	-1	-3
WAGES BILL:	INCREASE	24	25	15	13	17	28	30	16	13	17
	DECREASE	11	14	25	23	22	9	10	15	21	13
	NET BALANCE	+13	+11	-10	-10	-5	+19	+20	+1	-8	+4
PRICES:	INCREASE	29	28	26	27	21	38	34	21	19	17
	DECREASE	4	3	5	9	8	3	4	7	12	7
	NET BALANCE	+25	+25	+21	+18	+13	+35	+30	+14	+7	+10
PROFITABILITY:	INCREASE	32	25	24	18	25	40	32	22	19	33
	DECREASE	32	37	47	48	41	20	23	38	47	27
	NET BALANCE	+0	-12	-23	-30	-16	+20	+9	-16	-28	+6
CAPITAL EXPENDITURE:	INCREASE	21	21	26	15	21	20	23	15	21	28
	DECREASE	33	26	32	31	33	33	29	39	32	27
	NET BALANCE	-12	-5	-6	-16	-12	-13	-6	-24	-11	+1

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

Small and medium business outlook – Queensland

- Queensland recorded a small improvement in business confidence among SMEs this quarter.
- SMEs in Queensland reported falls in all performance indicators over the past quarter with the exception of sales, which was unchanged.
- SMEs in Queensland reported higher expectations for sales, employment, profitability and capital expenditure for the coming quarter compared to the previous quarter.
- SMEs in Queensland reported the highest expectations for wages in the year ahead of any state or territory, but the lowest expectations for sales and employment.
- SME support for the Queensland Government fell slightly during the past quarter.

Trends in past three months' experience and current quarter expectations – Queensland											
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS						MAY 2008	AUG 2008	NOV 2008	FEB 2009	MAY 2009	
						%	%	%	%	%	
POSITIVE						62	66	52	55	56	
NEGATIVE						20	18	27	27	24	
*NET BALANCE						+42	+48	+25	+28	+32	
TOTAL SMALL AND MEDIUM BUSINESS – QUEENSLAND	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-					
	FEB-APR 08	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	29	30	24	21	26	43	35	30	29	30
	DECREASE	42	38	43	41	46	17	29	34	37	23
	NET BALANCE	-13	-8	-19	-20	-20	+26	+6	-4	-8	+7
SIZE OF WORKFORCE:	INCREASE	12	14	14	16	10	18	13	9	11	9
	DECREASE	14	17	21	20	15	4	7	10	10	6
	NET BALANCE	-2	-3	-7	-4	-5	+14	+6	-1	+1	+3
WAGES BILL:	INCREASE	25	28	24	19	16	30	29	17	23	19
	DECREASE	15	13	14	20	19	5	9	14	11	10
	NET BALANCE	+10	+15	+10	-1	-3	+25	+20	+3	+12	+9
PRICES:	INCREASE	33	46	29	23	19	45	34	27	22	19
	DECREASE	4	3	6	6	11	3	2	7	7	7
	NET BALANCE	+29	+43	+23	+17	+8	+42	+32	+20	+15	+12
PROFITABILITY:	INCREASE	23	28	21	18	21	38	33	29	27	28
	DECREASE	43	39	43	42	48	21	29	33	37	26
	NET BALANCE	-20	-11	-22	-24	-27	+17	+4	-4	-10	+2
CAPITAL EXPENDITURE:	INCREASE	21	26	22	19	19	20	22	18	17	22
	DECREASE	24	23	26	25	32	27	33	32	36	29
	NET BALANCE	-3	+3	-4	-6	-13	-7	-11	-14	-19	-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 – South Australia

- South Australia recorded improving business confidence among SMEs this quarter.
- SMEs in South Australia recorded lower performance for all indicators in the past quarter, with the exception of prices which fell slightly, and wages, which was unchanged.
- South Australia recorded the highest proportion of SMEs that increased their profitability on balance in the past quarter.
- SMEs in South Australia recorded the highest capital expenditure expectations for the coming quarter of any state or territory.
- SMEs in South Australia recorded the lowest expectations for the year ahead for sales, prices, profitability and capital expenditure.
- SME support for the South Australian Government rose significantly during the quarter.

Trends in past three months' experience and current quarter expectations – South Australia											
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS						MAY 2008	AUG 2008	NOV 2008	FEB 2009	MAY 2009	
						%	%	%	%	%	
POSITIVE						56	58	45	48	52	
NEGATIVE						20	22	33	32	19	
*NET BALANCE						+36	+36	+12	+16	+33	
TOTAL SMALL AND MEDIUM BUSINESS – SOUTH AUSTRALIA	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-					
	FEB-APR 08	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	
	%	%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	30	33	32	24	37	30	33	22	26	27
	DECREASE	33	38	38	43	38	18	18	38	39	27
	NET BALANCE	-3	-5	-6	-19	-1	+12	+15	-16	-13	+0
SIZE OF WORKFORCE:	INCREASE	14	8	11	11	12	13	15	10	11	8
	DECREASE	11	11	8	20	13	5	3	2	11	9
	NET BALANCE	+3	-3	+3	-9	-1	+8	+12	+8	0	-1
WAGES BILL:	INCREASE	24	23	22	16	18	26	21	17	16	20
	DECREASE	11	21	13	18	20	5	9	13	20	14
	NET BALANCE	+13	+2	+9	-2	-2	+21	+12	+4	-4	+6
PRICES:	INCREASE	33	34	21	21	19	43	42	30	21	20
	DECREASE	4	6	3	6	6	3	3	4	5	5
	NET BALANCE	+29	+28	+18	+15	+13	+40	+39	+26	+16	+15
PROFITABILITY:	INCREASE	29	24	28	26	35	32	34	23	27	31
	DECREASE	35	43	37	40	37	23	21	37	38	28
	NET BALANCE	-6	-19	-9	-14	-2	+9	+13	-14	-11	+3
CAPITAL EXPENDITURE:	INCREASE	21	22	15	13	28	25	23	19	25	33
	DECREASE	30	24	30	33	24	31	34	37	21	24
	NET BALANCE	-9	-2	-15	-20	+4	-6	-11	-18	+4	+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 – Western Australia

- Western Australia recorded the smallest rise in business confidence among SMEs this quarter of any state or territory but the equal second highest level of confidence overall.
- SMEs in Western Australia recorded increased performance for employment and capital expenditure in the past quarter but falls in sales, profitability, wages and prices.
- Western Australian SMEs recorded the lowest performance in sales, wages and profitability of any state or territory.
- Western Australian SMEs are the most likely to expect to increase prices in the coming quarter.
- Support for the Western Australian Government increased strongly during the past quarter to make it the most supported government by SMEs.

Trends in past three months' experience and current quarter expectations – Western Australia											
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS						MAY 2008	AUG 2008	NOV 2008	FEB 2009	MAY 2009	
						%	%	%	%	%	
POSITIVE						67	60	45	55	54	
NEGATIVE						12	17	31	21	19	
*NET BALANCE						+55	+43	+14	+34	+35	
TOTAL SMALL AND MEDIUM BUSINESS – WESTERN AUSTRALIA	ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-					
	FEB-APR 08	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09	
	%	%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	41	39	34	29	26	41	47	27	26	37
	DECREASE	21	35	36	38	51	24	22	33	35	27
	NET BALANCE	+20	+4	-2	-9	-25	+17	+25	-6	-9	+10
SIZE OF WORKFORCE:	INCREASE	15	15	11	8	6	20	14	6	11	8
	DECREASE	12	10	14	16	12	6	4	10	10	8
	NET BALANCE	+3	+5	-3	-8	-6	+14	+10	-4	+1	+0
WAGES BILL:	INCREASE	32	29	23	13	11	34	31	20	15	15
	DECREASE	12	8	14	14	20	8	7	19	16	11
	NET BALANCE	+20	+21	+9	-1	-9	+26	+24	+1	-1	+4
PRICES:	INCREASE	38	45	27	28	20	45	35	39	31	26
	DECREASE	3	3	4	8	8	3	1	4	12	4
	NET BALANCE	+35	+42	+23	+20	+12	+42	+34	+35	+19	+22
PROFITABILITY:	INCREASE	37	29	26	30	24	39	41	25	27	37
	DECREASE	30	33	39	35	52	25	23	33	38	28
	NET BALANCE	+7	-4	-13	-5	-28	+14	+18	-8	-11	+9
CAPITAL EXPENDITURE:	INCREASE	26	20	20	17	24	22	19	16	17	18
	DECREASE	25	31	27	26	23	31	32	34	36	26
	NET BALANCE	+1	-11	-7	-9	+1	-9	-13	-18	-19	-8

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

Small and medium business outlook – Tasmania

- Tasmania recorded a strong improvement in business confidence among SMEs with confidence above the national average.
- Despite the improvement in business confidence, SMEs in Tasmania recorded weaker performance in the past quarter across every performance indicator.
- However, Tasmanian SMEs recorded the lowest expectations for the coming quarter for sales, employment, profitability and capital expenditure of any state or territory.
- Tasmanian SMEs recorded the lowest expectations for the year ahead for prices and capital expenditure of any state or territory.
- Support for the Tasmanian Government's policies was unchanged during the quarter.

Trends in past three months' experience and current quarter expectations – Tasmania											
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS						MAY 2008	AUG 2008	NOV 2008	FEB 2009	MAY 2009	
						%	%	%	%	%	
POSITIVE						59	68	58	44	53	
NEGATIVE						19	17	21	24	21	
*NET BALANCE						+40	+51	+37	+20	+32	
TOTAL SMALL AND MEDIUM BUSINESS – TASMANIA		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		FEB-APR 08	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	34	39	29	35	32	25	42	36	25	20
	DECREASE	23	26	42	28	35	24	9	22	38	26
	NET BALANCE	+11	+13	-13	+7	-3	+1	+33	+14	-13	-6
SIZE OF WORKFORCE:	INCREASE	11	10	12	21	8	9	12	8	9	3
	DECREASE	14	13	10	9	14	3	1	7	10	9
	NET BALANCE	-3	-3	+2	+12	-6	+6	+11	+1	-1	-6
WAGES BILL:	INCREASE	19	23	25	24	13	17	22	25	19	16
	DECREASE	10	18	16	15	15	12	3	11	17	19
	NET BALANCE	+9	+5	+9	+9	-2	+5	+19	+14	+2	-3
PRICES:	INCREASE	34	40	26	33	17	43	39	31	24	15
	DECREASE	1	6	8	6	6	3	1	3	2	3
	NET BALANCE	+33	+34	+18	+27	+11	+40	+38	+28	+22	+12
PROFITABILITY:	INCREASE	28	30	24	29	24	22	34	34	27	16
	DECREASE	28	32	40	30	35	30	14	26	39	25
	NET BALANCE	+0	-2	-16	-1	-11	-8	+20	+8	-12	-9
CAPITAL EXPENDITURE:	INCREASE	23	25	14	19	21	22	19	22	13	23
	DECREASE	27	27	32	23	31	28	28	23	40	36
	NET BALANCE	-4	-2	-18	-4	-10	-6	-9	-1	-27	-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 – Northern Territory

- The Northern Territory again recorded the highest level of confidence among SMEs of any state or territory.
- SMEs in the Northern Territory reported the highest net perceptions of the current state of the Australian economy.
- Performance rose in sales, employment, wages and capital expenditure in the past quarter, with SMEs in the Northern Territory recording the highest performance in the past quarter of any state or territory for sales, employment, wages and prices.
- Looking forward, the Northern Territory recorded the highest expectations among SMEs of any state or territory for the coming quarter for sales, employment, wages and profitability.
- The Northern Territory recorded the highest expectations for the year ahead for employment but the lowest expectations for wages of any state or territory.
- Support for the Northern Territory Government fell during the quarter, however was the second highest of any state or territory, and was one of only two governments to record a net positive rating this quarter.

Trends in past three months' experience and current quarter expectations – Northern Territory											
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS						MAY 2008	AUG 2008	NOV 2008	FEB 2009	MAY 2009	
						%	%	%	%	%	
POSITIVE						69	63	49	60	65	
NEGATIVE						11	17	25	17	17	
*NET BALANCE						+58	+46	+24	+43	+48	
TOTAL SMALL AND MEDIUM BUSINESS – NORTHERN TERRITORY		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		FEB-APR 08	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 08	AUG-OCT 08	NOV-JAN 08/09	FEB-APR 09	MAY-JUL 09
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	39	46	31	30	33	50	36	24	28	38
	DECREASE	22	19	29	33	29	11	18	30	29	13
	NET BALANCE	+17	+27	+2	-3	+4	+39	+18	-6	-1	+25
SIZE OF WORKFORCE:	INCREASE	20	15	18	9	14	17	15	10	16	9
	DECREASE	16	14	20	22	12	4	9	7	15	5
	NET BALANCE	+4	+1	-2	-13	+2	+13	+6	+3	+1	+4
WAGES BILL:	INCREASE	32	29	24	19	20	37	25	18	19	22
	DECREASE	11	9	14	23	13	6	10	12	19	9
	NET BALANCE	+21	+20	+10	-4	+7	+31	+15	+6	0	+13
PRICES:	INCREASE	33	34	36	27	25	46	40	33	27	21
	DECREASE	1	6	4	3	4	1	1	3	4	1
	NET BALANCE	+32	+28	+32	+24	+21	+45	+39	+30	+23	+20
PROFITABILITY:	INCREASE	30	45	30	27	28	47	34	24	27	35
	DECREASE	27	18	25	29	32	12	19	24	34	18
	NET BALANCE	+3	+27	+5	-2	-4	+35	+15	0	-7	+17
CAPITAL EXPENDITURE:	INCREASE	31	21	16	14	28	20	20	6	22	25
	DECREASE	22	26	28	28	27	26	32	41	34	29
	NET BALANCE	+9	-5	-12	-14	+1	-6	-12	-35	-12	-4

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

Small and medium business outlook – Australian Capital Territory

- The Australian Capital Territory again recorded the second lowest level of business confidence among SMEs during the quarter of any state or territory, despite also recording an above average increase.
- SMEs in the Australian Capital Territory recorded the highest net perceptions of the future state of the Australian economy of any state or territory.
- In addition to the fall in confidence, SMEs in the Australian Capital Territory recorded falls in performance in the past quarter for sales and wages and the lowest performance of any state or territory for employment and prices.
- SMEs in the Australian Capital Territory were expecting improved results in the coming quarter for sales, prices, profitability and capital expenditure, however were expecting a weaker result for employment.
- SMEs in the Australian Capital Territory recorded the lowest level of expectations for the year ahead for sales (equal with New South Wales and Queensland) and profitability.
- Support for the Australian Capital Territory Government recorded a small fall during the quarter.

Trends in past three months' experience and current quarter expectations – Australian Capital Territory											
						MAY 2008	AUG 2008	NOV 2008	FEB 2009	MAY 2009	
CONFIDENCE IN OWN BUSINESS PROSPECT IN NEXT 12 MONTHS						%	%	%	%	%	
POSITIVE						49	58	44	39	50	
NEGATIVE						26	21	28	32	23	
*NET BALANCE						+23	+37	+16	+7	+27	
TOTAL SMALL AND MEDIUM BUSINESS – AUSTRALIAN CAPITAL TERRITORY		ACTUAL EXPERIENCE DURING:-					EXPECTATIONS FOR:-				
		FEB-APR 08 %	MAY-JUL 08 %	AUG-OCT 08 %	NOV-JAN 08/09 %	FEB-APR 09 %	MAY-JUL 08 %	AUG-OCT 08 %	NOV-JAN 08/09 %	FEB-APR 09 %	MAY-JUL 09 %
SALES VALUE:	INCREASE	37	30	21	27	27	28	45	30	22	35
	DECREASE	44	45	49	46	48	30	20	32	30	32
	NET BALANCE	-7	-15	-28	-19	-21	-2	+25	-2	-8	+3
SIZE OF WORKFORCE:	INCREASE	15	13	14	8	10	8	12	8	8	5
	DECREASE	18	17	17	19	19	7	4	10	8	9
	NET BALANCE	-3	-4	-3	-11	-9	+1	+8	-2	0	-4
WAGES BILL:	INCREASE	23	24	22	22	14	21	25	19	13	11
	DECREASE	19	16	11	17	20	9	7	13	17	15
	NET BALANCE	+4	+8	+11	+5	-6	+12	+18	+6	-4	-4
PRICES:	INCREASE	25	31	19	16	13	28	27	28	19	16
	DECREASE	4	9	6	11	7	2	7	7	6	2
	NET BALANCE	+21	+22	+13	+5	+6	+26	+20	+21	+13	+14
PROFITABILITY:	INCREASE	35	23	16	20	20	23	37	26	22	32
	DECREASE	39	43	46	45	45	31	21	34	33	30
	NET BALANCE	-4	-20	-30	-25	-25	-8	+16	-8	-11	+2
CAPITAL EXPENDITURE:	INCREASE	14	23	18	16	18	21	13	17	15	23
	DECREASE	29	34	28	33	32	28	34	33	38	27
	NET BALANCE	-15	-11	-10	-17	-14	-7	-21	-16	-23	-4

* 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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