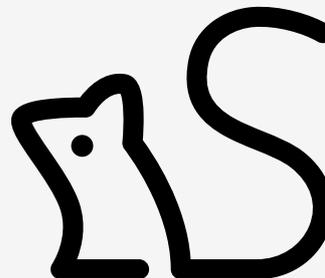
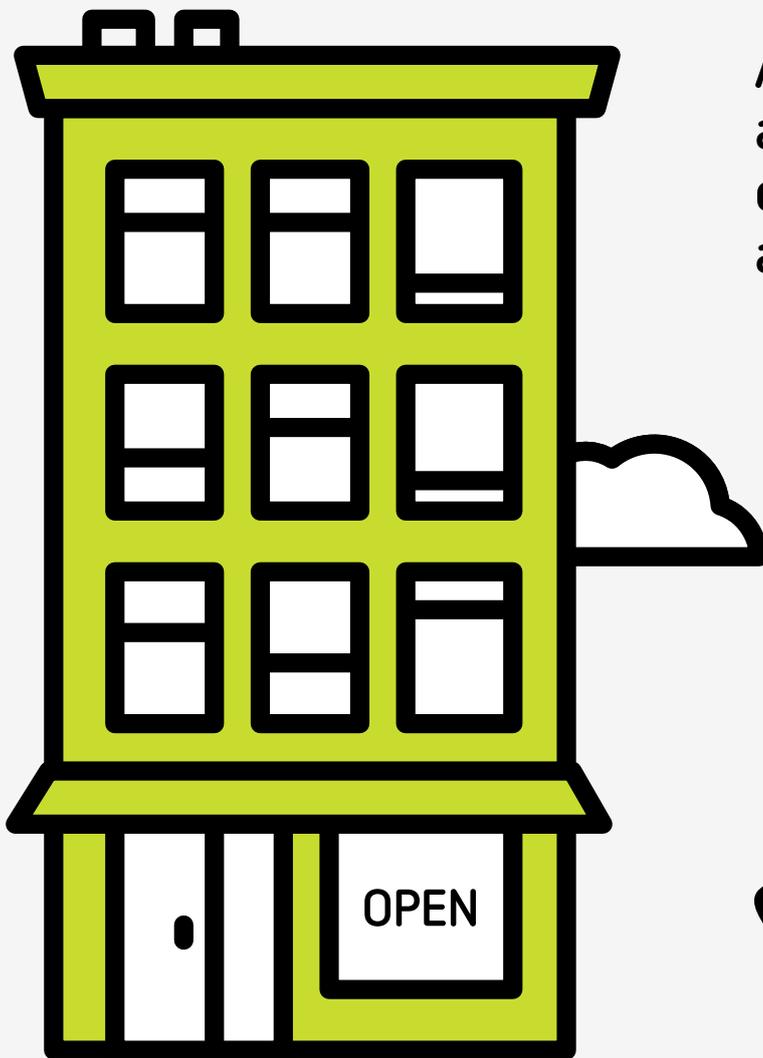


Sensis Business Index March 2015

A survey of confidence
and behaviour
of Australian small
and medium enterprises



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Introduction

The *Sensis Business Index* is a quarterly survey of Australia's small and medium enterprises (SMEs) which commenced in 1993 to measure and track:

- SME business activity over the last three months.
- Expectations for the current three and next 12 months.
- Overall confidence among SMEs.

The *Sensis Business Index* samples SMEs nationally enabling broad scrutiny of this market and relevant trends and issues. It examines differences by location, business size and industry. The aim is to reflect the attitudes and behaviour of SMEs, which comprise some 99% of Australian businesses.

Results are based on the responses of SMEs surveyed and reported as a net balance, which represents total positive responses minus total negative responses.

The *Sensis Business Index* is an initiative of Sensis Pty Ltd as part of its commitment to this vital business sector. As Australia's #1 marketing services company, we're here to engage consumers with Australian businesses. We make this happen through a number of leading brands - Yellow Pages, White Pages, TrueLocal, Whereis and Skip and our expert digital know-how. Our digital expertise is what sets us apart - we give businesses a competitive edge through websites, search engine marketing and optimisation, data, and through our digital advertising agency, Found.

About the survey

The March 2015 *Sensis Business Index* is based on 1000 telephone interviews conducted with small and medium business proprietors or managers respectively employing less than 20 and 20 to 199 people. This sample is drawn from metropolitan and major non-metropolitan regions throughout Australia with targets set for location and industry as shown opposite. Interviewing occurred from March 2 - April 9, 2015.

Results for each survey are weighted so the sample is reflective of the total SME population. Prior to this survey the weighting was by selected Australian and New Zealand Standard Industrial Classification (industry sector) divisions within the metropolitan and non-metropolitan region of each state and territory as per the Australian Bureau of Statistics (ABS) Business Register of June 1998. This survey sample has also been weighted by industry, location and business size, however, is now based on the most current ABS data contained in the publication *8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2009 to Jun 2013*. Some adjustments to this weighting data were also made by Sensis to exclude firms with a turnover of under \$50,000 per annum, believed to be mainly non-operating or non-employing firms.

This report covers experiences for the last quarter (December 2014 to end of February 2015), and expectations for the current quarter (March to May 2015).

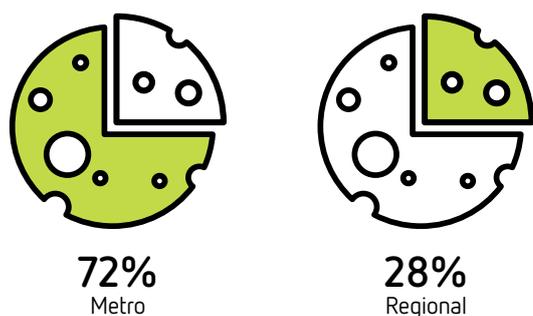
Location of business

	Total	Metro	Non-Metro
New South Wales	185	143	42
Victoria	177	136	41
Queensland	183	100	83
South Australia	119	100	19
Western Australia	118	99	19
Tasmania	78	41	37
Northern Territory	59	24	35
Australian Capital Territory	81	81	-
Total	1,000	724	276

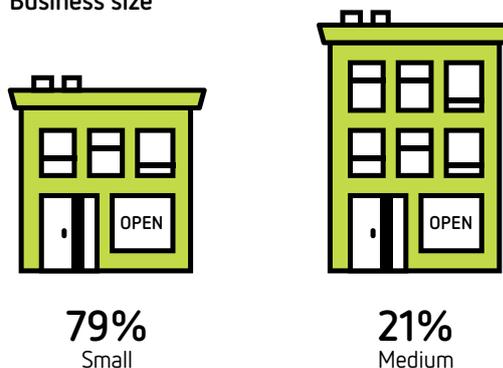
Industry Sector

Manufacturing	120
Building and Construction	151
Wholesale Trade	88
Retail Trade	149
Hospitality (Accommodation, Cafes and Restaurants)	58
Transport and Storage	80
Finance and Insurance	68
Communication, Property and Business Services	131
Health and Community Services	86
Cultural, Recreational and Personal Services	69
Total Businesses	1,000

Business location



Business size



Foreword

While business confidence remains steady we see growing concerns about the state of the Australian economy in the latest edition of the Sensis Business Index (SBI).

Small and medium enterprises (SMEs) are the lifeblood of the Australian economy. Changes in confidence among these businesses signal what lies on the horizon for the economy as a whole.

The Sensis Business Index surveyed 1,000 small and medium businesses and found 49 percent of businesses are feeling confident, while 22 percent are feeling concerned. The net balance of these scores is +27 for March, which is the same confidence level we saw last quarter.

The SBI found that despite business confidence remaining steady perceptions of the economy are now more negative than at any time over the past year. Only 12 percent of businesses believe the economy is currently growing. The net balance on perceptions of growth has dropped from -9 to -23 since the last survey.

Businesses are particularly concerned about a lack of work or sales. Global factors are also weighing on businesses with the economic climate one of the key concerns.

At a state level we see a range of different stories playing out. In most states and territories confidence has dropped.

Victoria and the Northern Territory are down eleven points and South Australia is down thirteen points. South Australia, with a net balance of +6 is now the least confident state, a long way from New South Wales who experienced a dramatic rise and now sits at +38. The Australian Capital Territory was the only other region to experience an increase in confidence this quarter with the other states in decline.



Regionally confidence has improved for the year ahead and businesses are feeling almost as confident as their metropolitan counterparts.

The industry snapshot found all sectors are positive about this quarter. Building and construction is the least confident sector but is still in positive territory at +10. Hospitality jumped 27 points this quarter and is now the most confident sector followed by finance and insurance.

It is good to see all sectors are predicting better sales and profitability. I hope you find plenty of insights in the report, now in its twenty second year. You can join me to discuss it online at #SensisBiz.

John Allan, Chief Executive Officer, Sensis

Executive summary

Historical trends and overall SME highlights

Despite a soft last quarter, SME confidence is holding up. Overall SMEs expect to perform considerably better than last quarter in what is seen as a tough economic climate, with confidence in NSW lifting notably

The key findings of the March Sensis Business Index are:

- Business confidence among SMEs was steady this last quarter at net +27. This is also similar to one year ago.
- Confidence improved markedly in NSW and ACT but was down elsewhere. This survey, confidence was highest in NSW and remained clearly above the national average in Victoria, Tasmania and WA despite dropping on balance in those locations. The biggest fall occurred in SA which now has a single figure net balance for confidence.
- Perceptions of the current state of the economy have deteriorated however and are more negative overall than any other time in the last year. They were 14 points lower than last quarter with nearly three times as many SMEs believing it is slowing rather than growing. SMEs are also less inclined to expect the economy will be better in 12 months.
- Last quarter, performance indicators were slightly lower and in negative space for sales and profitability. They also hardly changed on employment and wages but prices edged higher overall.
- In contrast, for the current quarter, SMEs' expectations of growth were higher for all key indicators, especially sales and profitability.
- Consistent with prior surveys, lack of work or sales is the primary concern mentioned spontaneously by SMEs and it remains by far the greatest barrier to taking on staff.
- Opinions of the Federal Government have become a little more negative with an increase in those believing their policies work against rather than for small business. This result also is in line with views of Australia's leadership.
- The recently re-elected NSW Government is now considered the most supportive state or territory government in Australia, just ahead of the Tasmanian Government. Queensland and Victoria's governments have been relegated to clear negative territory now on this measure.

Executive summary

Metropolitan versus regional

There's little difference between metropolitan and regional SMEs on confidence, the economy and last quarter performance; both are fairly upbeat about this current quarter although to a greater degree in metropolitan areas

The key findings to emerge for metropolitan and regional businesses last quarter included:

- Confidence was the same for metropolitan SMEs but increased four points for regional SMEs. Metropolitan businesses are still slightly more confident about next year than their regional counterparts (+30 versus +24).
- Metropolitan and regional businesses do not differ significantly in their assessments of the current state of the economy and have become quite pessimistic overall.
- Metropolitan and regional businesses both reported unimpressive sales and profitability performances in the past quarter. Regional SMEs did raise their prices to a greater degree than those in metropolitan areas.
- For the current quarter, positive expectations were evident on all key performance indicators among metropolitan and regional businesses but sales and employment projections are clearly higher in the former. They do not vary greatly on the other three indicators of profitability, wages and prices.
- Metropolitan SMEs have become even less supportive of the Federal Government's policies for small business than their regional counterparts where views are somewhat polarised.

Industry sector trends

Performance and expectations still vary considerably but all sectors are positive about this quarter

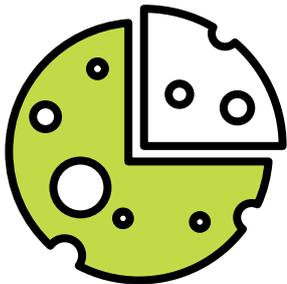
- Hospitality recorded the highest confidence level with finance and insurance close behind. Only manufacturing and building and construction are below average, and by a considerable degree.
- The lowest confidence level was apparent in building and construction.
- In sales growth last quarter, hospitality performed best and retail was weakest, with manufacturing and building and construction also clearly negative on balance.
- The profitability results were disappointing across the board showing negative scores in every sector bar communications, property and business services where it was only just positive. Manufacturing and retail displayed relatively large negative balances for profitability last quarter.
- For the current quarter, however, all sectors predict far better performances on sales and profitability with distinctly higher prices and wages reported across the board. The cultural, recreational and other services, finance and insurance and retail sectors also indicate double figure positive net balances for employment.
- Sales and profitability expectations ranged across sectors from +20 to +39 and from +21 to +42 respectively. The wholesale and various services sectors were all in the +30 category on both measures. Building and construction and retail were at the lower end on these two dimensions albeit still quite positive in the range of +20 to +24.

SBI Snapshot

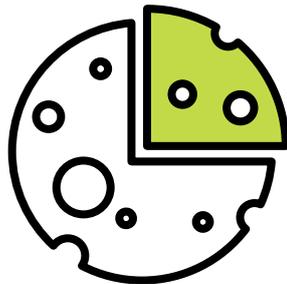
The Sensis Business Index has tracked the confidence and behaviour of Australia's small and medium enterprises (SMEs) since 1993. Here are some of the key findings of the latest report.

Who did we survey?

Region



72%
Metro

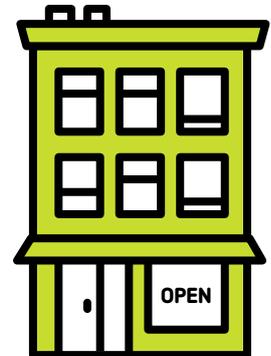


28%
Regional

Business size



79%
Small



21%
Medium

What did they tell us?

SMEs feeling more confident



49% feel confident

Because of:

- Business improving
- Good customer relations
- Forward orders
- Established & experienced



22% feel concerned

Because of:

- Lack of sales
- Negative outlook on economy
- People not spending



+27 net balance

SME confidence by state



New South Wales +38 (↑14)

Northern Territory +35 (↓11)

Victoria +33 (↓5)

Tasmania +32 (↓6)

Western Australia +29 (↓9)

National average +27

Australian Capital Territory +19 (↑10)

Queensland +10 (↓3)

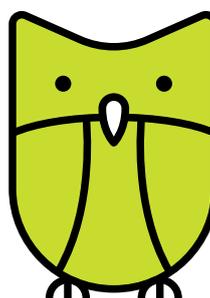
South Australia +6 (↓13)



Net confidence remained steady at

+27 points

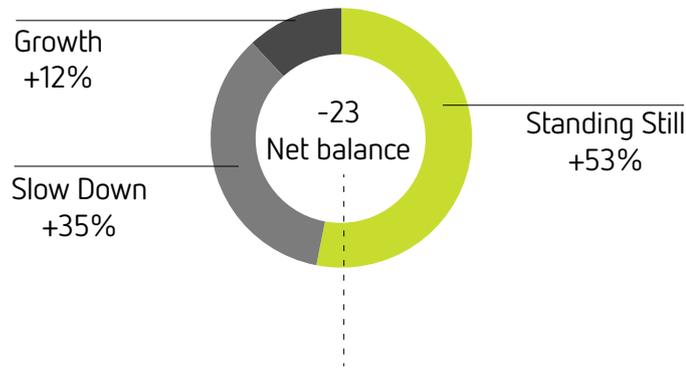
The same as last quarter



SBI Snapshot

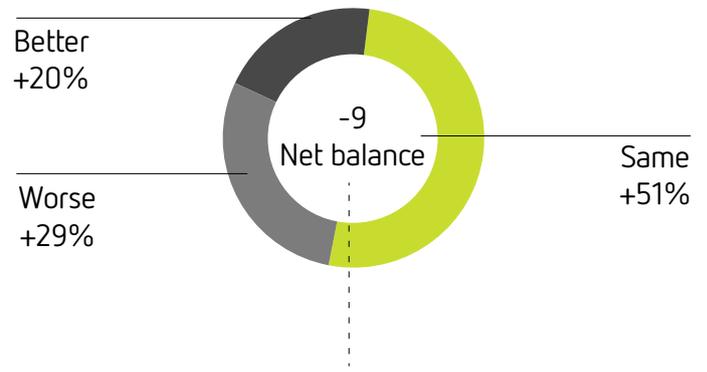
Their perception of the economy has eased slightly

The economy now



18 points lower than last quarter

The economy a year from now



15 points lower than last quarter

Experience and expectations on key business indicators

*Net Balance for Key Indicators	Actual experience**	Expectation for next quarter***	Change in expectation for next quarter
Sales	-1	+31	↑ 17
Size of workforce	+1	+7	↑ 2
Wages	+10	+16	↑ 5
Prices	+11	+21	↑ 9
Profitability	-10	+31	↑ 20

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

** Actual experience relates to last 3 months.

*** Expectation is for next 3 months. (Typically the expectation results here have been for the next 12 months but that question is now only asked in the final survey for each year which will also include the 'capital expenditure' indicator).

Small and medium business outlook – national summary

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Profitability	20

SME confidence in their own business prospects over the next 12 months

Net confidence is unchanged from last quarter and similar to one year ago

Key findings

The net confidence level of Australian SMEs was unchanged in the last quarter and from one year ago.

Last quarter (December 2014 - February 2015)

The net balance figure remained at +27 with 49% of businesses feeling confident about their prospects for the year ahead and 22% feeling concerned. The proportion feeling concerned is 2 points lower than November 2014.

Falling sales or consumers not spending are the prime reasons for concern.

SMEs who are confident believe conditions are improving slowly or feel they have a solid business model.

Three key indicators provide an overall assessment of SME confidence levels:

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

This quarter SME views on the current state of the Australian economy have become more negative and their expectations for future growth have also moved into negative territory. In fact, both these measures are at their lowest levels for over a year.

Overall confidence - March 2015

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

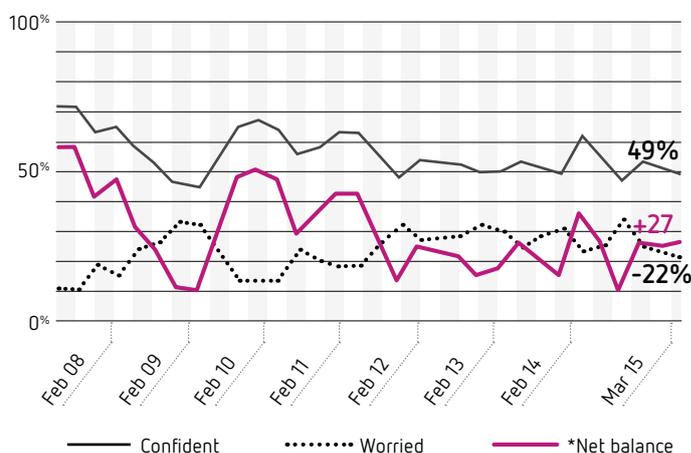
	Small Business (up to 19 employees)	Medium Business (20 - 199 employees)	Total Small and Medium
Extremely confident	10%	12%	10%
Fairly confident	39%	44%	40%
Neutral	29%	29%	29%
Fairly worried	17%	13%	16%
Extremely worried	6%	2%	5%
Total confident	49%	56%	49%
Total worried	22%	15%	22%
*Net Balance	+27	+41	+27

Note: rounding occurs

Confidence trends - past five quarters

	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Confident	55%	47%	53%	51%	49%
Worried	26%	35%	25%	24%	22%
*Net Balance	+29	+12	+28	+27	+27

Long term trends in confidence



* Net balance is defined as the difference between the percentage of SMEs that are confident and the percentage that are worried.

Confidence by state and territory, sector and size

Confidence remained positive overall but was lower everywhere except NSW and ACT

Key findings

Confidence was positive overall in all states but higher only in NSW and the ACT; it fell everywhere else. The highest confidence level is now in NSW and the lowest is in SA.

Confidence levels were again lower overall in regional businesses relative to metropolitan businesses but this was not consistent across the individual states.

Confidence was highest among SMEs in the hospitality and finance and insurance sectors. It was lowest in building and construction.

Last quarter (December 2014 – February 2015)

The highest confidence level for SMEs was recorded in NSW which improved 14 points to net +38. Confidence was ten points higher in the ACT at net +19. In all other states confidence fell by 5 points to 13 points. The decline was biggest in SA which fell 13 points to net +6 which was the lowest score of all states and territories. Queensland (+10) and ACT (+19) are also below the national average (+27).

Confidence was six points lower in regional Australia than in the capital cities.

Hobart SMEs were again the most confident of those in capital cities with those in Adelaide least positive. Regionally, confidence was strongest in WA and the NT whilst those in Queensland were least positive.

The hospitality sector recorded the highest confidence level, with the net balance 19 points above average. Confidence was also relatively high in finance and insurance and well above average in communication, property and business services.

The lowest confidence level was observed in building and construction (+10) with the manufacturing sector improved but still well under the average at +16.

Medium sized businesses remain distinctly more positive about their prospects than small businesses.

Confidence by state and territory, sector and size

Trends by state - *net balance

	Feb 14	May 14	Aug 14	Nov 14	Mar 15
National	+29	+12	+28	+27	+27
New South Wales	+31	+17	+37	+24	+38
Victoria	+26	+3	+28	+38	+33
Queensland	+28	+9	+18	+13	+10
South Australia	+26	+12	+14	+19	+6
Western Australia	+50	+24	+35	+38	+29
Tasmania	+25	+35	+14	+38	+32
Northern Territory	+27	+17	+50	+46	+35
Australian Capital Territory	+33	+10	+21	+9	+19

Metro and regional confidence - *net balance

	Metro	Regional	Total
National	+30	+24	+27
New South Wales	+40	+34	+38
Victoria	+33	+34	+33
Queensland	+24	+1	+10
South Australia	+3	+11	+6
Western Australia	+23	+49	+29
Tasmania	+48	+24	+32
Northern Territory	+36	+35	+35
Australian Capital Territory	+19	N/A	+19

Confidence by business size

	Confident	Worried	*Net Balance
Total	49%	22%	+27
1-2 Employees	48%	23%	+25
3-4 Employees	48%	22%	+26
5-9 Employees	50%	20%	+30
10-19 Employees	53%	23%	+30
Total Small Business	49%	22%	+27
20-99 Employees	56%	15%	+41
100-199 Employees	59%	14%	+45
Total Medium Business	56%	15%	+41

Confidence by sector

	Confident	Worried	*Net Balance
Manufacturing	42%	26%	+16
Building and Construction	41%	31%	+10
Wholesale Trade	53%	21%	+32
Retail Trade	52%	21%	+31
Transport and Storage	54%	23%	+31
Communication, Property & Business Services	50%	13%	+37
Finance and Insurance	60%	16%	+44
Health and Community Services	51%	17%	+34
Cultural, Recreational and Personal	55%	26%	+29
Hospitality	56%	10%	+46

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

Perceptions of the economy

SMEs' perceptions of the economy have deteriorated

Key findings

SMEs' perceptions of the economy now are more negative than at any time in the last year and they are also pessimistic overall about the year ahead.

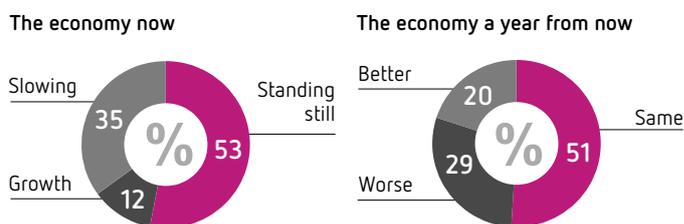
Last quarter (December 2014 - February 2015)

There was a seven point fall in the proportion believing the economy is currently growing and a seven point rise in the proportion who see it slowing. Consequently, the net balance registered -23 compared with -9 last survey.

SMEs' perceptions of the current state of the Australian economy were negative and lower in every state and territory. Those in Queensland (-30), SA (-40) and WA (-33) were the most pessimistic with NSW the least pessimistic at -12.

Views about the economy in a year's time have shifted into negative territory. The proportion expecting the economy to improve was eight points lower than in the previous quarter and there was a seven point rise in the proportion who felt the economy would be worse in a year's time. As a result, the net balance was -9 compared to +6 last survey. This compares with +5 one year ago.

Expectations are negative overall in all locations but only just in NSW (-1) and Queensland (-2). In Victoria, SA, Tasmania and the two territories, expectations for the year ahead range from -18 to -21.

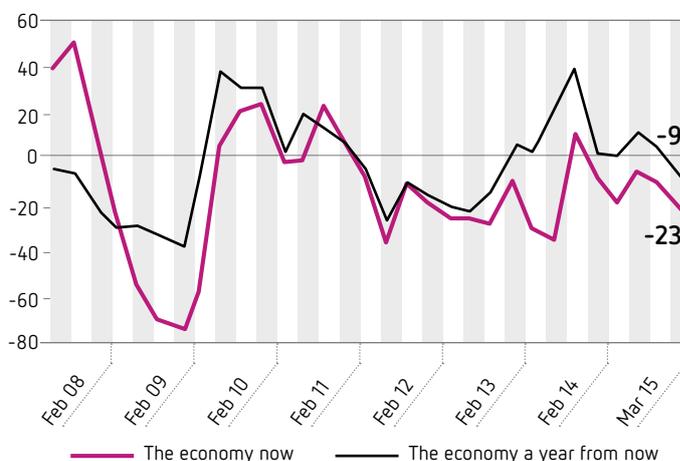


Perceptions of the economy - trends

	Feb 14	May 14	Aug 14	Nov 14	Mar 15
The economy now					
Growth	19%	15%	19%	19%	12%
Slowing	26%	34%	24%	28%	35%
*Net Balance	-7	-19	-5	-9	-23
The economy a year from now					
Better	32%	31%	31%	28%	20%
Worse	27%	29%	19%	22%	29%
*Net Balance	+5	+2	+12	+6	-9

Perceptions of the economy

Long term trends - *net balance



Perceptions of the economy by state

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
The economy now								
Growth	17%	11%	9%	4%	12%	10%	10%	8%
Slowing	29%	32%	39%	44%	45%	33%	33%	29%
*Net Balance	-12	-21	-30	-40	-33	-23	-23	-21
The economy a year from now								
Better	22%	17%	25%	6%	24%	14%	18%	15%
Worse	23%	36%	27%	24%	29%	34%	39%	33%
*Net Balance	-1	-19	-2	-18	-5	-20	-21	-18

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

Concerns

Lack of work or sales still biggest concern

Key findings

The incidence of SMEs saying they are facing no significant problems in their business rose from 37% last quarter to 53% now. Consistent with past surveys, lack of work or sales was mentioned more than any other concern. A range of other issues attracted single figure mentions only (as in the past).

Last quarter (December 2014 - February 2015)

Some 15% of SMEs nominated lack of work or sales revenue as the main issue impacting their businesses. This was 18% last quarter. Concerns in this area were highest in WA at 19% and lowest in NSW at 11%. In the manufacturing sector 33% were worried about lack of work, higher than any other industry.

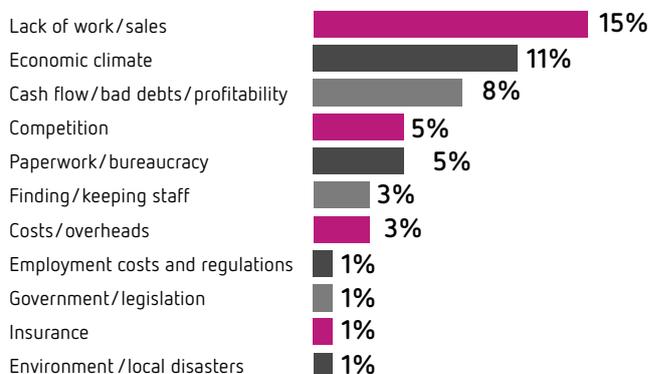
Spontaneous concern about the economic climate registered 11% compared to 10% last survey which is somewhat surprising given the deteriorating views of the economy detailed in the previous section. Economic climate includes issues such as consumer confidence and spending levels, interest and exchange rates, concerns about the general economic climate, as well as global, state and regional economic concerns.

Cash flow, bad debts and profitability were mentioned by 8% overall but by 14% of those in finance and insurance.

Other issues currently causing major problems for certain segments are paperwork or bureaucracy for 13% of SMEs in finance and insurance, competition for the wholesale sector (11%) and general costs or overheads for 11% of manufacturers.

Prime concerns

As far as your business is concerned, what problems, if any, are you facing at the moment?

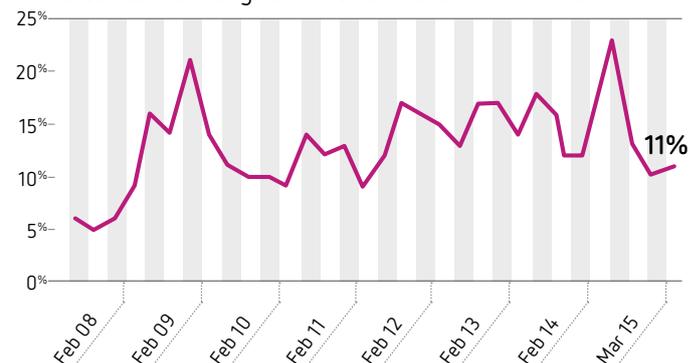


No concerns = 53%

Prime concerns - long term trends - lack of work or sales



Prime concerns - long term trends - economic climate



Prime concerns - long term trends - cash flow



Sales

Flat sales but expectations are quite buoyant

Key findings

Overall, sales levels have been flat over the last two quarters. However, expectations for the current quarter are more positive than last quarter and slightly higher than a year ago.

Last quarter (December 2014 - February 2015)

Sales performance produced a net balance of -1 compared to +2 in the previous quarter and -1 a year ago.

Sales performance was best in Tasmania (+19) followed by Victoria (+12). It was worst overall in Queensland (-24) and NT (-21). It ranged from -1 to +5 in the other locations.

By industry, the strongest sales performance emerged in hospitality, where a net +10 reported increases. The weakest sector was health and community services (-5).

Current quarter (March - May 2015)

SMEs are expecting sales to improve over the current quarter. Some 43% expect an increase in sales and 12% expect a decrease creating a net balance of +31. This is more than twice the number seen last quarter (+14).

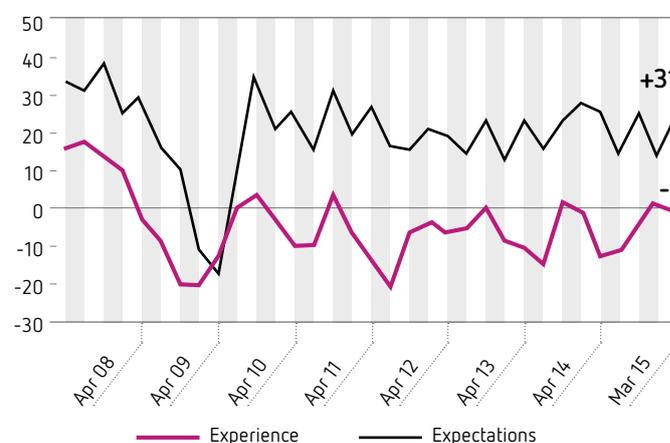
Sales expectations are positive in all states and territories but quite varied, peaking in the NT (+45) and Victoria (+31). They are well below average in Tasmania (+10) and SA (+14).

Across industries, the expectations are broadly similar ranging from +32 to +39 in all sectors bar retail (+24) and building and construction (+20).

Value of sales

	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Last Quarter					
Experienced increase	32%	26%	24%	33%	30%
No change	35%	34%	39%	34%	37%
Experienced decrease	33%	39%	36%	31%	31%
*Net Balance	-1	-13	-12	+2	-1
Current Quarter					
Expect increase	41%	33%	40%	34%	43%
No change	42%	47%	46%	43%	44%
Expect decrease	15%	19%	13%	20%	12%
*Net Balance	+26	+14	+27	+14	+31

Value of sales - trends in *net balance



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

Employment

Little change apparent for the past 12 months

Key findings

The employment indicator has been neutral over the last year. Overall, only minor shifts have been recorded in the actual or anticipated employment level.

Last quarter (December 2014 - February 2015)

In the last quarter, 11% experienced an increase in employment which is in line with the previous four surveys. Some 10% reported a decrease to give a net balance of +1. The previous three results were all slightly negative (-2 to -4).

At a state level, the best performance was in NSW (+8). Victoria, Queensland, SA, Tasmania and ACT registered -3 or -4.

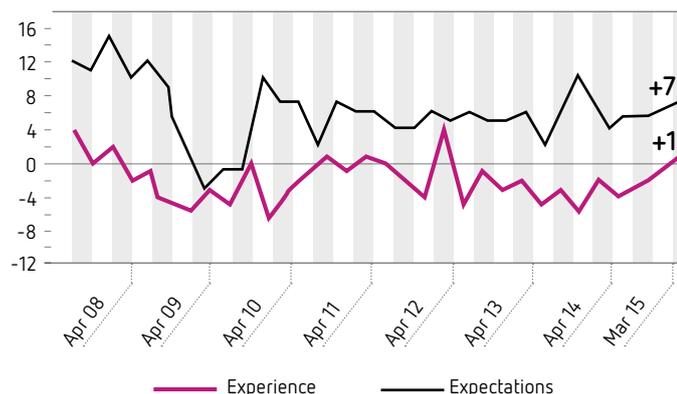
The sector most likely to report increased employment was hospitality at +10. Health and community services was weakest at -5.

Some 44% reported barriers to taking on new employees (55% last survey). Lack of work or sales remains the main barrier, reported by 46% (43% last quarter). SMEs that increased employment mainly did so because of business growth.

Size of workforce

	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Last Quarter					
Experienced increase	9%	10%	10%	10%	11%
No change	76%	78%	76%	79%	79%
Experienced decrease	15%	12%	14%	12%	10%
*Net Balance	-6	-2	-4	-2	+1
Current Quarter					
Expect increase	14%	11%	10%	11%	14%
No change	77%	81%	85%	83%	78%
Expect decrease	7%	7%	5%	6%	7%
*Net Balance	+7	+4	+5	+5	+7

Size of workforce - trends in *net balance



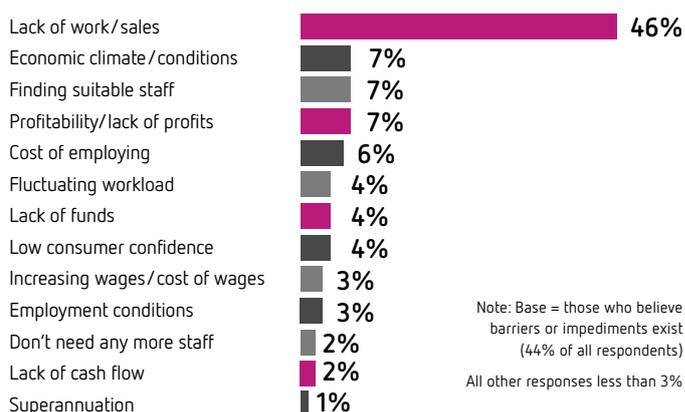
Current quarter (March - May 2015)

As was the case before, optimism about employment growth for the current quarter is modest with 14% expecting an increase and 7% expecting to shed staff. The net balance of +7 is consistent with the last three surveys.

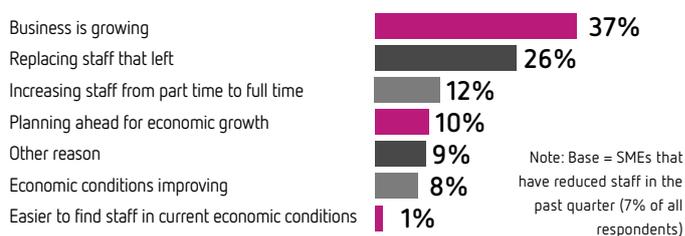
The highest levels of optimism were seen in Victoria (+16) followed by the NT (+10) while SMEs in SA (+1) and Queensland (+2) are at the lower end.

Across sectors, finance and insurance and cultural, recreational and other services (both +16) are relatively bullish. Building and construction (-1) and wholesale (0) are bearish.

What are the barriers to taking on new employees?



Why SMEs have increased employment - March 2015



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

Wages bill

Relatively steady situation over the last year

Key findings

There was no real variation in the proportion of SMEs reporting increased wages over the last quarter and this indicator remains positive. However, expectations for wages growth rose a little.

Last quarter (December 2014 - February 2015)

Some 25% reported growth in wages and 15% a decline. The net balance of +10 compares with +9 last survey.

Wages growth in the last quarter registered a net balance of +29 in Tasmania, +20 in Victoria and +17 in WA. It was -12 in SA and -11 in the ACT.

In terms of sectors, finance and insurance recorded the greatest level of wage cost rise with a net +22 reporting increased costs in this area. The wholesale sector was lowest on this indicator (0) closely followed by retail on +1.

Current quarter (March - May 2015)

In the current quarter, 24% expect an increase in wages cost and 8% expect a decrease. The net balance of +16 compares with +11 last quarter and +14 a year before.

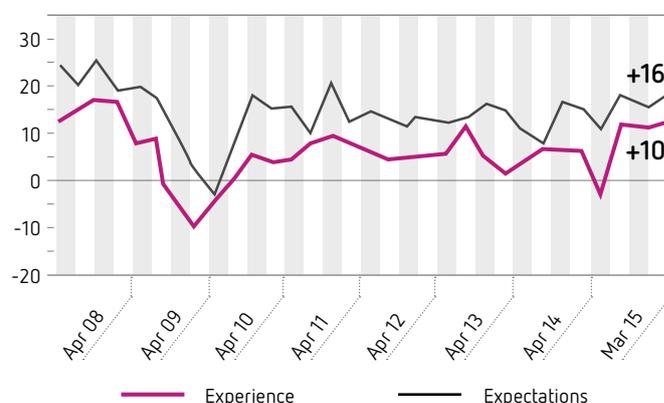
There is a positive net balance of +23 in Victoria, +21 in NT and +19 in Queensland. The lowest scores were in Tasmania (+4) and SA (+7).

Expected wage growth is highest in the finance and insurance sector (+27) and lowest in building and construction (+10%).

Wages bill

	Feb 14	Mar 14	Aug 14	Nov 14	Mar 15
Last Quarter					
Experienced increase	21%	19%	26%	23%	25%
No change	62%	58%	57%	59%	56%
Experienced decrease	14%	21%	15%	14%	15%
*Net Balance	+7	-2	+11	+9	+10
Current Quarter					
Expect increase	23%	22%	24%	22%	24%
No change	66%	64%	66%	66%	67%
Expect decrease	9%	12%	9%	11%	8%
*Net Balance	+14	+10	+15	+11	+16

Wages bill - trends in *net balance



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

Prices

Key findings

More SMEs raised prices than at any time during the last year and those planning to do so next quarter were also more prevalent relative to the last survey and one year earlier.

Last quarter (December 2014 - February 2015)

The proportion of SMEs that increased prices was four points higher at a net balance of +11. Increases were noted for 21% against a 10% decrease.

Price increases last quarter were most common in Tasmania (+16) and lowest in the NT (-4).

Increases were well above average in hospitality (+33) and retail (+19) while the opposite was true in manufacturing (0), transport and storage (0) and finance and insurance (+3).

Current quarter (March - May 2015)

Expectations for price rises in the short term rose nine points to a net balance of +21.

These expectations stand out in Victoria where a net +30 see prices rising short term. In Tasmania the net balance was lowest at +10.

Expectations for increased pricing were greatest in hospitality (+33).

Prices charged

	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Last Quarter					
Experienced increase	14%	13%	18%	17%	21%
No change	74%	75%	70%	70%	67%
Experienced decrease	10%	9%	11%	10%	10%
*Net Balance	+4	+4	+7	+7	+11
Current Quarter					
Expect increase	21%	21%	19%	17%	26%
No change	72%	70%	74%	77%	68%
Expect decrease	5%	6%	5%	5%	5%
*Net Balance	+16	+15	+14	+12	+21

Prices charged - trends in *net balance



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

Access to finance

A situation that continues to improve for SMEs

Key findings

SMEs' ability to access finance is critical for capital expenditure and growth. On balance, SMEs found it a little easier to access finance last quarter than at any time during the last year and more were successful too.

Last quarter (December 2014 - February 2015)

With respect to accessing finance, slightly more SMEs found this to be relatively easy (24%) compared to those who found it difficult (18%). The net score of +6 contrasts with +2 and -9 in the prior two surveys.

SMEs in Queensland were most likely to report that it was hard to access finance (-6) with those in the ACT the most positive (+15). By sector, building and construction (-6) and health and community services (+24) stood out.

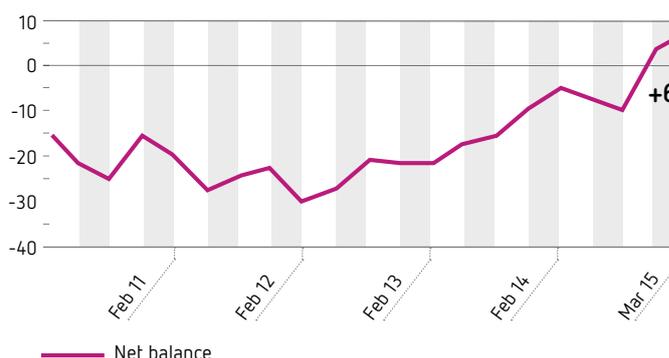
Some 17% of SMEs indicated an attempt to access finance, up 5 points since last quarter. However, of those, 77% had success compared to 70% previously and 56% the quarter before.

The highest incidence of SMEs seeking finance was in Queensland (23%) and the lowest was in Tasmania (8%). SMEs in hospitality (28%), building and construction (25%) and manufacturing (22%) were the most likely to have sought finance.

Access to finance

	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Last Quarter					
Relatively easy	23%	21%	24%	25%	24%
Average	49%	51%	44%	52%	58%
Relatively difficult	28%	28%	33%	23%	18%
*Net Balance	-5	-7	-9	+2	+6

Access to finance - trends in *net balance

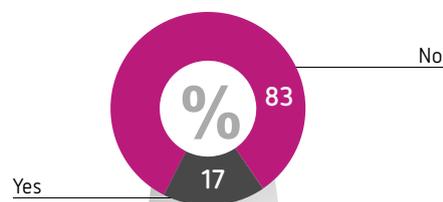


Ease of accessing finance - by business size (Mar 2015)

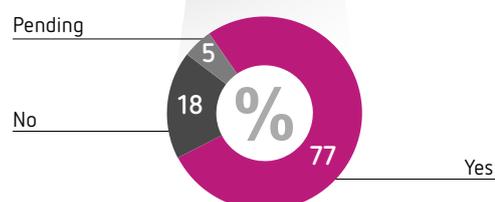
	Easy	Difficult	*Net Balance
Total	24%	18%	+6
1-2 Employees	23%	19%	+4
3-4 Employees	24%	23%	+1
5-9 Employees	24%	12%	+12
10-19 Employees	23%	23%	0
Total Small Business	23%	19%	+4
20-99 Employees	28%	7%	+21
100-199 Employees	15%	7%	+8
Total Medium Business	26%	7%	+19

Success in accessing finance

Have you tried to access finance for your business in the past quarter?



Were you successful?



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

Profitability

No improvement of late but expectations are quite strong

Key findings

The proportion of SMEs on balance reporting increased profitability has fluctuated for a year in negative territory. Expectations for the current quarter were markedly higher on the other hand which has been the case for some time.

Last quarter (December 2014 – February 2015)

Some 24% claimed their profit lifted against 34% who reported a decline. The net balance result of -10 compares to -8 last survey and -6 one year previously.

The last net positive profitability result recorded was in February 2008.

Profitability was negative in all states and territories except Tasmania (+7). The weakest results were in NT (-29) and Queensland (-28). By industry, only communication, property and business services were in the black (+4) with manufacturing (-22) and retail (-23) the least well performed.

Current quarter (March - May 2015)

Profitability expectations for the current quarter lifted markedly with 44% expecting an increase and 13% a decrease. The net balance of +31 is 20 points higher than the previous result.

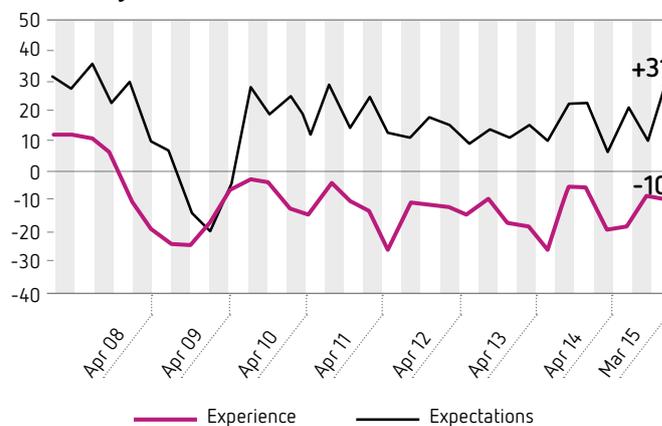
Profitability expectations are optimistic in all locations however they are lower in SA (+14) and Tasmania (+13).

The health and community services sector is the most positive with a net balance of +42. Retail is the weakest sector with +21.

Profitability

	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Last Quarter					
Experienced increase	27%	21%	22%	26%	24%
No change	40%	37%	37%	37%	40%
Experienced decrease	33%	41%	40%	34%	34%
*Net Balance	-6	-20	-18	-8	-10
Current Quarter					
Expect increase	39%	30%	35%	33%	44%
No change	43%	46%	51%	44%	41%
Expect decrease	16%	23%	13%	22%	13%
*Net Balance	+23	+7	+22	+11	+31

Profitability - trends in *net balance



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

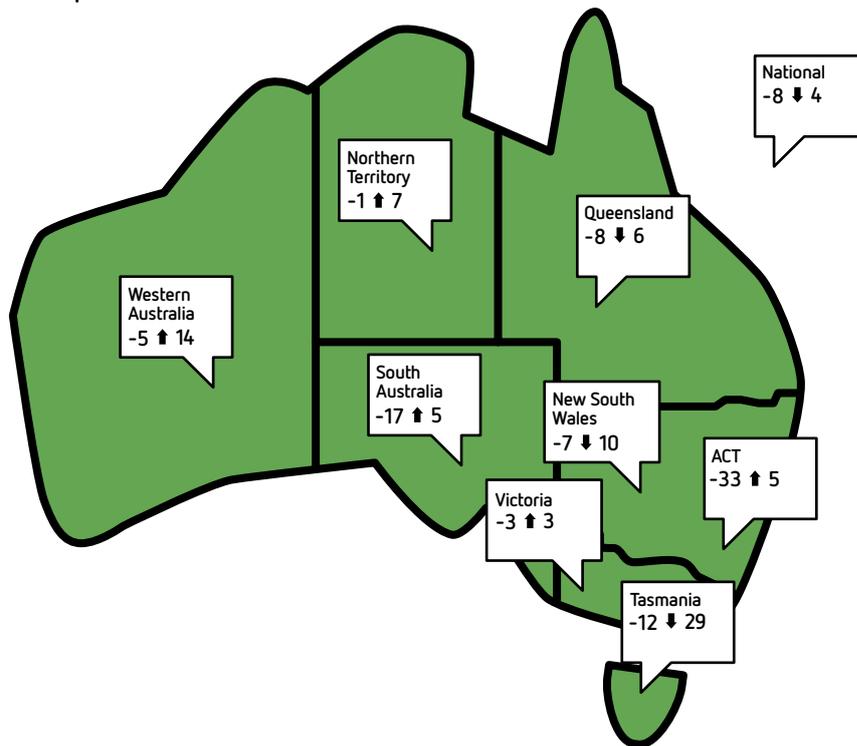
Government Policies

Government Policies	22
Assessment of Federal Government policies	23
Assessment of state and territory government policies	24

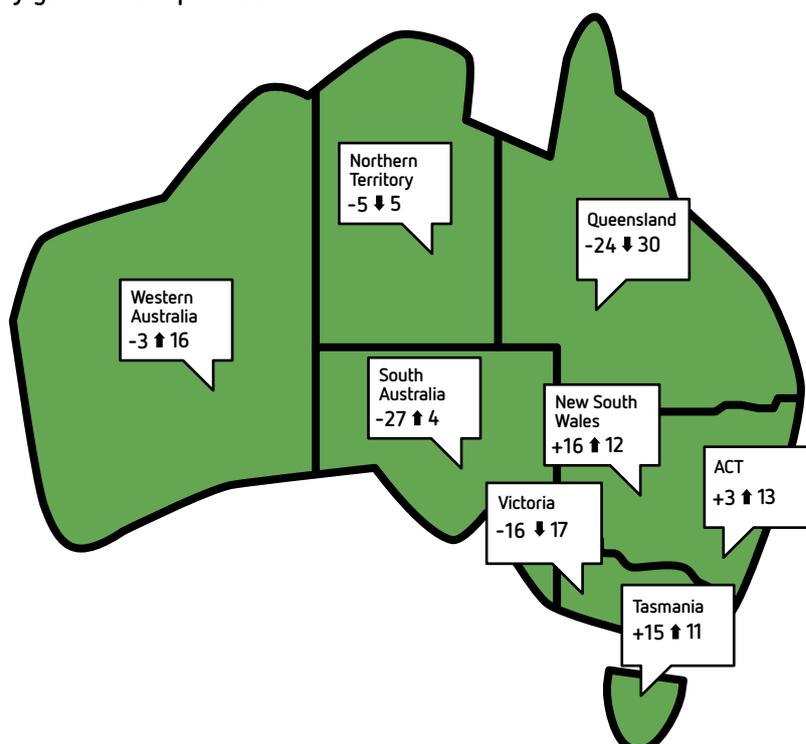
Government Policies

The maps below show the net balance (proportion believing the government is supportive less the proportion believing it to be working against small business interests) and the change in net balance compared with the previous quarter.

Attitudes to Federal Government policies



Attitudes to state or territory government policies



Assessment of Federal Government policies

A slightly worse reflection on the Federal Government

Key findings

Overall support among SMEs for the Federal Government has become slightly more negative.

Last quarter (December 2014 - February 2015)

Some 16% believe Federal Government policies are supportive of SMEs while 24% have the opposite view. The net balance of -8 is four points lower than the previous result (-4). The result has been negative since the first post-election survey in November 2013 when it was +9.

The main factors influencing those with a favourable view of the Government are that it is more interested and helpful towards small business (mentioned by 25% of those believing the Government is supportive) and it tries to reduce bureaucracy and red tape (12%).

The SMEs unfavourably disposed to the Federal Government's policies feel it does not understand or listen to small business needs (reported by 15% of those believing the Government is working against small business), that there is too much bureaucracy and red tape (11%), that it is overly concerned with big business (10%) or provides no incentives or support for small business (10%).

ACT businesses remain the most negative with respect to Federal Government support for small business recording a net balance of -33. In SA the net score was -17. The best score was -1 in the NT.

SMEs in the wholesale sector were the most critical of government support, with a net balance of -24. The retail sector was the only one not negative overall (0).

Views of Australia's leadership

This new question unearthed a result in line with the views held about the Federal Government's perceived support for small business.

Some 22% hold a favourable view of Australia's leadership now while 30% are in the opposite camp giving rise to a net balance of -8. This compares with the -8 score observed in regards to the Federal Government's policies for small business.

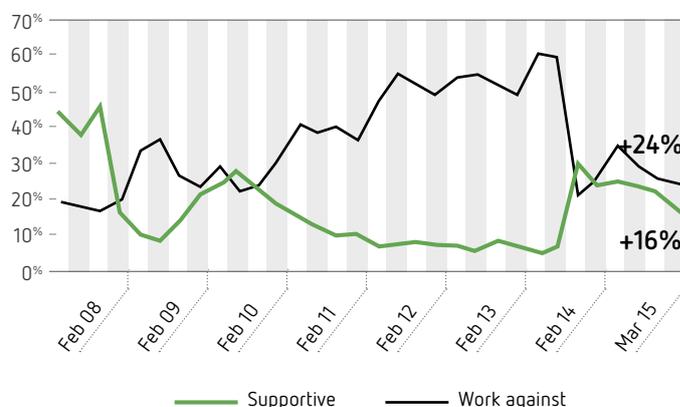
Net positive results were seen in Tasmania (+2) and NT (+2) while SA (-26) and ACT (-27) were vastly different. Most industries were negative overall especially health and community services (-34) but building and construction (+11) was positive.

Attitudes to Federal Government policies - past five quarters

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?

	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Supportive	24%	25%	24%	22%	16%
Work against	25%	35%	29%	26%	24%
No impact	51%	39%	47%	52%	60%
*Net Balance	-1	-10	-5	-4	-8

Attitudes to Federal Government policies - long term trends



Views about Australia's leadership

Thinking about Australia's leadership, do you hold a favourable, unfavourable or neutral view of Australia's leadership at the current time or can't you say?

	March 15
Favourable	22%
Unfavourable	30%
Neutral	29%
Can't say	19%
*Net Balance	-8

Note: New question so no comparison available.

* 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

Mixed results with NSW and Tasmanian Governments best regarded

Key findings

This latest quarter, across the locations, an average of 16% of SMEs felt their state or territory government was supportive of small business, 22% felt they were working against small business interests, creating a net balance of -6. This was -1 last survey.

The NSW Government emerged as the most supportive state or territory government in Australia for SMEs. The SA Government remained the least well regarded.

Last quarter (December 2014 – February 2015)

With upward moves of 12 and 11 points respectively, the NSW (+16) and Tasmanian (+15) governments became the most favourably viewed. Conversely, the Queensland Government dropped 30 points to register -24 which places it ahead only of SA (-27). Last survey Queensland was the leader (at +6).

The main reason SMEs rate the NSW Government favourably is that it is promoting the building industry (mentioned by 16%). Other strengths were trying to reduce red tape and bureaucracy (9%), 'getting the economy going' (9%) and 'doing a lot of infrastructure' (8%).

The SA Government, which has recorded high negative ratings for the last six quarters, is criticised most for taxation being either too high or increasing (19%) and for not understanding small business' needs (17%).

Attitudes to state or territory government policies - (March 2015)

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?

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Supportive	28%	9%	5%	9%	19%	31%	18%	24%
Work against	12%	25%	29%	36%	22%	16%	23%	21%
No impact	60%	66%	66%	55%	59%	53%	60%	55%
*Net Balance	+16	-16	-24	-27	-3	+15	-5	+3

Note: Rounding occurs.

Attitudes to state or territory government policies - trends in *net balance

	Feb	May	Aug	Nov	Mar
	14	14	14	14	15
New South Wales	+4	-3	+10	+4	+16
Tasmania	-62	+9	+8	+4	+15
Australian Capital Territory	-3	+15	+32	-10	+3
Western Australia	-16	-17	-20	-19	-3
Northern Territory	-4	-10	+3	0	-5
Victoria	0	+8	-8	+1	-16
Queensland	+14	-1	-10	+6	-24
South Australia	-32	-41	-48	-31	-27

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

Small and medium business outlook

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South Australia	30
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Tasmania	32
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Small and medium business outlook – National

Tougher economic conditions seen ahead

- Confidence among Australian SMEs this quarter remained unchanged and is similar to a year ago.
- Perceptions of the current state of the economy have become distinctly less favorable falling 14 points in the last quarter, and economic expectations for the economy in a year's time were 15 points lower.
- As shown in the tables below, relative to the previous quarter, there were no major shifts; sales and profitability were marginally down and the other indicators slightly higher.
- In the short term, however, expectations for increases in all key performance indicators are higher than last quarter, especially sales and profitability with quite a few more SMEs expecting prices to rise.
- Support for the Federal Government has declined this quarter with the proportion believing their policies do not support small business exceeding those with the opposite view to a slightly greater extent. Their view of Australia's leadership is in line with their opinion of the Federal Government's support for small business.

Trends in the past three month's experience and current quarter expectations - national

Confidence in own business prospects in next 12 months	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Positive	55%	47%	53%	51%	49%
Negative	26%	35%	25%	24%	22%
*Net Balance	+29	+12	+28	+27	+27

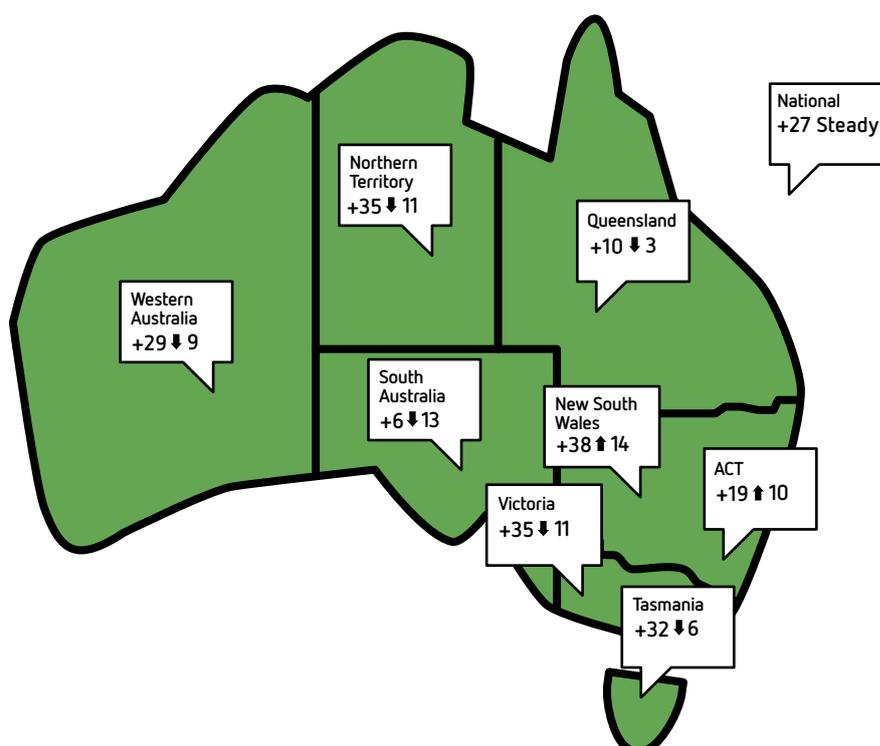
*Net balance	Actual experience:			Expectation for next 3 months:		
	Feb 2014**	Nov 2014	Mar 2015	Feb 2014***	Nov 2014	Mar 2015
Sales	-1	+2	-1	+26	+14	+31
Size of workforce	-6	-2	+1	+7	+5	+7
Wages	+7	+9	+10	+14	+11	+16
Prices	+4	+7	+11	+16	+12	+21
Profitability	-6	-8	-10	+23	+11	+31

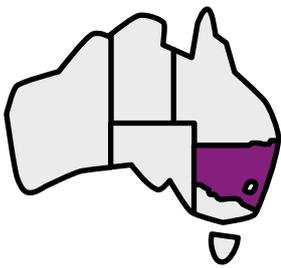
* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

** This is for last 3 months so in Feb survey it relates to Nov13-Jan14.

*** This is for next 3 months so in Feb survey it relates to Feb-Apr14.

Confidence by state





Small and medium business outlook – New South Wales

Overall confidence improving based on much stronger sales and profitability expectations plus a better view of government support

- In NSW, overall confidence was 14 points higher and 11 points above the national average.
- For the last quarter, SMEs in NSW did not really display better or more impressive performance indicator results apart from increased workforce size probably in anticipation of the better trading and operating conditions they expect.
- For the current quarter, expectations about sales and profitability are significantly higher.
- SME support for the policies of the NSW Government lifted in the latest quarter from a net balance of +4 to +16 which is the highest score across the locations. This survey was conducted during the NSW election campaign with the actual election occurring just after the survey was completed. The main reason given spontaneously for a favorable view here is that “it is promoting the building industry”.

Trends in the past three month’s experience and current quarter expectations - New South Wales

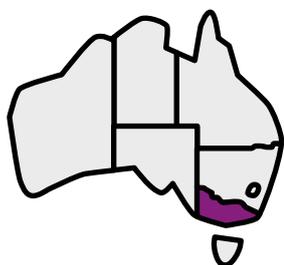
Confidence in own business prospects in next 12 months	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Positive	58%	51%	59%	51%	55%
Negative	27%	34%	22%	27%	17%
*Net Balance	+31	+17	+37	+24	+38

*Net balance	Actual experience:			Expectation for next 3 months:		
	Feb 2014**	Nov 2014	Mar 2015	Feb 2014***	Nov 2014	Mar 2015
Sales	+2	+4	+4	+30	+12	+36
Size of workforce	-5	-6	+8	+11	+4	+4
Wages	+14	+10	+8	+19	+12	+11
Prices	+6	+11	+13	+17	+14	+13
Profitability	-3	-9	-3	+32	+11	+34

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

** This is for last 3 months so in Feb survey it relates to Nov13-Jan14.

*** This is for next 3 months so in Feb survey it relates to Feb-Apr14.



Small and medium business outlook – Victoria

Still quite positive results and expectations

- The overall confidence of Victorian SMEs eased five points to a net balance of +33 but remained clearly ahead of the national average.
- This last quarter saw improved scores on all indicators except employment, however, profitability displays a negative net balance of -3.
- For the current quarter, expectations on all the key indicators are up on those of three months ago, most notably for prices and profitability.
- Victorian SMEs previously displayed a polarised view of their state government, however, they are now somewhat negative with only 9% believing the Victorian Government to be supportive of small business and 25% saying it is working against the sector’s interest. The prime criticism is “they take too much notice of unions and union related issues.”

Trends in the past three month’s experience and current quarter expectations - Victoria

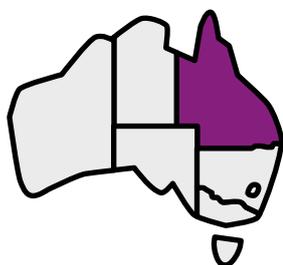
Confidence in own business prospects in next 12 months	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Positive	50%	42%	51%	56%	51%
Negative	24%	39%	23%	18%	18%
*Net Balance	+26	+3	+28	+38	+33

*Net balance	Actual experience:			Expectation for next 3 months:		
	Feb 2014**	Nov 2014	Mar 2015	Feb 2014***	Nov 2014	Mar 2015
Sales	-7	+10	+12	+19	+31	+32
Size of workforce	-4	+3	-3	+5	+13	+16
Wages	+6	+11	+20	+6	+20	+22
Prices	+4	+7	+15	+14	+15	+30
Profitability	-8	-6	-3	+14	+29	+36

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

** This is for last 3 months so in Feb survey it relates to Nov13-Jan14.

*** This is for next 3 months so in Feb survey it relates to Feb-Apr14.



Small and medium business outlook – Queensland

Indicators reflect above average belief in the economy for 2015

- In Queensland business confidence levels fell three points, down 18 points from one year ago. Net confidence is the second lowest in the nation, well below the national average of +27.
- Last quarter saw falls in all the performance indicators other than prices, with sales and profitability well into negative territory.
- For the current quarter, all the performance indicators are higher and positive. This is somewhat surprising given the low scores evident on confidence and last quarter's key performance indicators. The most likely reason for positive indicator expectations this quarter is that Queensland SMEs are not nearly as bearish about the economy in 2015 as those in most other states.
- Additionally, the recent change of government has not been so well received with support for the new government slipping from a net +6 to net -24. The main concerns are that the Queensland Government doesn't understand small business and is not listening to its concerns. There is also a fear that government related costs will increase.

Trends in the past three month's experience and current quarter expectations - Queensland

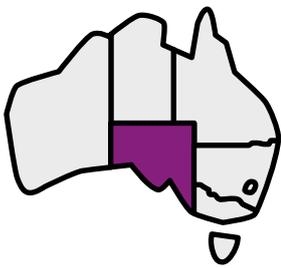
Confidence in own business prospects in next 12 months	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Positive	56%	46%	48%	42%	42%
Negative	28%	37%	30%	29%	32%
*Net Balance	+28	+9	+18	+13	+10

*Net balance	Actual experience:			Expectation for next 3 months:		
	Feb 2014**	Nov 2014	Mar 2015	Feb 2014***	Nov 2014	Mar 2015
Sales	-1	+1	-24	+31	-8	+29
Size of workforce	-7	-1	-3	+10	0	+2
Wages	+3	+10	+1	+12	-2	+18
Prices	0	+1	+8	+13	+5	+20
Profitability	-10	-7	-28	+20	-13	+25

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

** This is for last 3 months so in Feb survey it relates to Nov13-Jan14.

*** This is for next 3 months so in Feb survey it relates to Feb-Apr14.



Small and medium business outlook – South Australia

The least confident state but expectations for this quarter’s performance are quite positive overall

- Business confidence dropped in SA and remains well under the national average (+27).
- The last quarter saw major falls in the indicators of sales value and profitability which display negative balances.
- For the current quarter, however, expectations are better and more positive on all the key performance indicators.
- SME support for the SA Government is better than at any time in the last year but it is still less well regarded than any other state and territory government. Only 9% believe its policies are supportive of small business with 36% holding the opposite view. There is also concern that taxation is too high or that it may increase and that the state government just isn’t interested in the issues of small business.

Trends in the past three month’s experience and current quarter expectations - South Australia

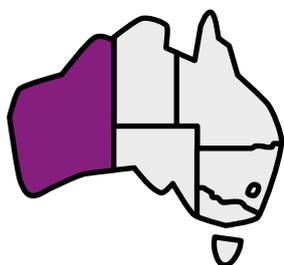
Confidence in own business prospects in next 12 months	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Positive	51%	46%	43%	44%	34%
Negative	25%	34%	29%	25%	28%
*Net Balance	+26	+12	+14	+19	+6

*Net balance	Actual experience:			Expectation for next 3 months:		
	Feb 2014**	Nov 2014	Mar 2015	Feb 2014***	Nov 2014	Mar 2015
Sales	+6	+5	-18	+32	+7	+14
Size of workforce	-6	-6	-3	+10	-1	+1
Wages	+3	+8	-12	+19	+2	+7
Prices	+6	+3	+7	+21	+12	+17
Profitability	-5	-9	-19	+28	+1	+14

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

** This is for last 3 months so in Feb survey it relates to Nov13-Jan14.

*** This is for next 3 months so in Feb survey it relates to Feb-Apr14.



Small and medium business outlook – Western Australia

Overall confidence is a little lower but performance expectations are quite bullish

- Confidence was lower but is two points above the national average, albeit much lower than one year ago.
- For the last quarter SMEs reported increased sales and wages but slightly lower prices and falling profitability.
- For the current quarter, stronger expectations were noted for all the key indicators, particularly sales and profitability.
- Support for the WA Government was markedly higher than at any time in the past year even though it is still in the negative (just). The proportion who believe the WA Government is supportive of small business is 19% compared with 22% saying that it works against their interests.
- SMEs with a negative view of the state government believe the government is only interested in big business and mining corporations. Infrastructure development and supportive policies are the reasons given by those who view the WA Government more favourably.

Trends in the past three month's experience and current quarter expectations - Western Australia

Confidence in own business prospects in next 12 months	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Positive	66%	51%	56%	59%	52%
Negative	16%	27%	21%	21%	23%
*Net Balance	+50	+24	+35	+38	+29

*Net balance	Actual experience:			Expectation for next 3 months:		
	Feb 2014**	Nov 2014	Mar 2015	Feb 2014***	Nov 2014	Mar 2015
Sales	-4	-16	+5	+21	+16	+37
Size of workforce	-10	+3	+2	-3	+1	+6
Wages	+5	-1	+17	+14	+10	+13
Prices	+8	+11	+8	+17	+17	+27
Profitability	-9	-11	-8	+22	+15	+34

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

** This is for last 3 months so in Feb survey it relates to Nov13-Jan14.

*** This is for next 3 months so in Feb survey it relates to Feb-Apr14.



Small and medium business outlook – Tasmania

Another relatively good set of results

- In Tasmania overall confidence dropped but remains above the national average.
- In terms of the last quarter experience, all the key indicators improved in line with expectations observed last survey. For the current quarter, however, Tasmanian SMEs reported reduced expectations for sales, wages, prices and profitability but no change on employment. On all indicators SMEs are still positive on balance.
- Support among Tasmanian SMEs for their state government’s policies became more positive (from +4 to +15) and it sits alongside NSW as the only states with a double digit net positive balance.
- The main reasons given are that the Tasmanian Government is proactive and supportive of small business and it is doing its best to help small businesses develop.

Trends in the past three month’s experience and current quarter expectations -Tasmania

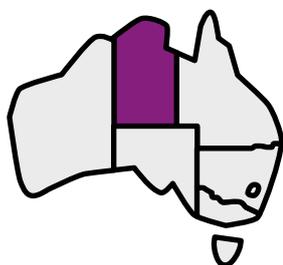
Confidence in own business prospects in next 12 months	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Positive	56%	61%	53%	58%	50%
Negative	31%	26%	39%	20%	18%
*Net Balance	+25	+35	+14	+38	+32

*Net balance	Actual experience:			Expectation for next 3 months:		
	Feb 2014**	Nov 2014	Mar 2015	Feb 2014***	Nov 2014	Mar 2015
Sales	+5	-7	+19	+13	+44	+10
Size of workforce	0	-7	-4	0	+8	+8
Wages	+6	+12	+29	+9	+22	+5
Prices	+16	+4	+16	+18	+12	+9
Profitability	+3	-10	+7	+5	+32	+12

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

** This is for last 3 months so in Feb survey it relates to Nov13-Jan14.

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Small and medium business outlook – Northern Territory

Strong expectations are held about performance this quarter

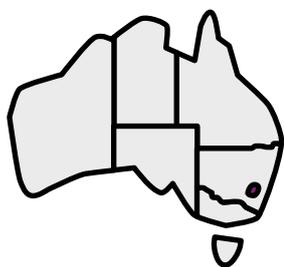
- In the Northern Territory confidence among SMEs was 11 points lower than last quarter but net confidence is still eight points above the national average.
- The reduced confidence reflects significantly worse sales and profitability performance last quarter.
- However, on all indicators NT SMEs are much more positive about this quarter’s results, especially in sales.
- SME support for the Northern Territory Government has declined marginally moving from neutral to negative overall (net balance of -5). The prime concern is that the NT Government is interested more in big businesses and mining corporations and its taxation levels are too high.

Trends in the past three month’s experience and current quarter expectations - Northern Territory

Confidence in own business prospects in next 12 months	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Positive	56%	51%	66%	62%	53%
Negative	29%	34%	16%	16%	18%
*Net Balance	+27	+17	+50	+46	+35

*Net balance	Actual experience:			Expectation for next 3 months:		
	Feb 2014**	Nov 2014	Mar 2015	Feb 2014***	Nov 2014	Mar 2015
Sales	-41	+1	-21	+29	+9	+45
Size of workforce	-12	-2	+3	+18	-2	+10
Wages	-2	-3	+2	+19	-2	+21
Prices	+2	-1	-3	+14	+18	+29
Profitability	-39	-7	-30	+23	+15	+33

* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.
 ** This is for last 3 months so in Feb survey it relates to Nov13-Jan14.
 *** This is for next 3 months so in Feb survey it relates to Feb-Apr14.



Small and medium business outlook – Australian Capital Territory

Improving confidence and fairly positive expectations

- Business confidence was ten points higher in the past quarter but the ACT is still well under the national average. However, the ACT is no longer ranked last on this dimension.
- ACT SMEs reported a better sales performance overall last quarter although not yet a positive one on balance. Wages were lower overall but prices increased.
- Expectations by SMEs in the ACT for this quarter remained positive, however, and clearly more so than in the last survey for prices and profitability.
- Support for the policies of the ACT Government among SMEs shifted into positive territory which it shares only with NSW and Tasmania. The view is that the Government is focussing on infrastructure development and is doing a lot to promote the building industry.

Trends in the past three month's experience and current quarter expectations - Australian Capital Territory

Confidence in own business prospects in next 12 months	Feb 14	May 14	Aug 14	Nov 14	Mar 15
Positive	56%	41%	49%	40%	41%
Negative	23%	31%	28%	31%	22%
*Net Balance	+33	+10	+21	+9	+19

*Net balance	Actual experience:			Expectation for next 3 months:		
	Feb 2014**	Nov 2014	Mar 2015	Feb 2014***	Nov 2014	Mar 2015
Sales	-8	-12	-1	+17	+29	+23
Size of workforce	+3	+1	-3	+6	+11	+6
Wages	+1	+3	-11	+7	+13	+17
Prices	+6	-2	+6	+19	+2	+25
Profitability	-14	-9	-13	+16	+17	+24

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

** This is for last 3 months so in Feb survey it relates to Nov13-Jan14.

*** This is for next 3 months so in Feb survey it relates to Feb-Apr14.

Industry Snapshots

Industry snapshots

Manufacturing

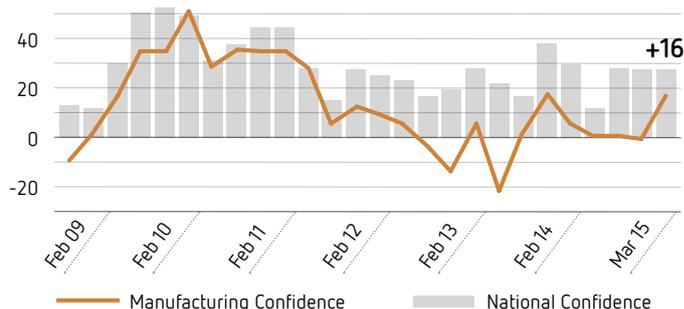
Confidence lifting especially for sales and profitability

Confidence has lifted from a net balance of -1 to +16. This remains at the low end however and well behind the national average of +27.

In the last quarter, manufacturing SMEs reported negative net balances for sales (-10) and profitability (-22) with employment and prices in neutral overall. Wages were the only positive (+14).

For the current quarter SME manufacturers expect solid increases in sales (+34) and profitability (+29) as well as higher prices (+14) and wages (+14). Employment levels are expected to change only minimally.

Manufacturing Confidence



Building and Construction

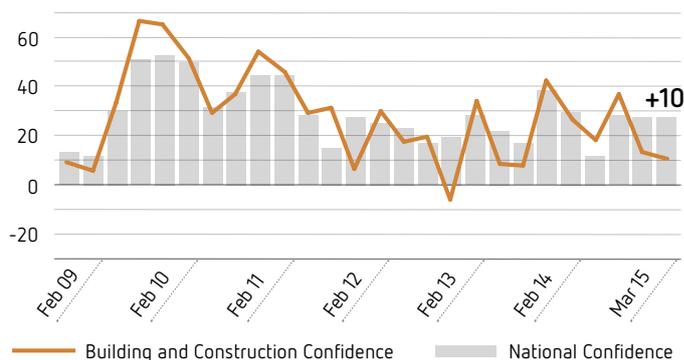
The least confident sector now but hopeful about this quarter's performance

Confidence is down three points to a net balance of +10. This is now the least confident sector.

Last quarter negative net balances could be seen on the indicators of sales (-6), profitability (-14) and employment (-3). Prices (+7) and wages (+9) were in the black.

For this quarter, building and construction SMEs report expectations of firm lifts in all the key indicators ranging from +10 to +23 except employment (-1).

Building and Construction Confidence



Industry snapshots



Wholesale Trade

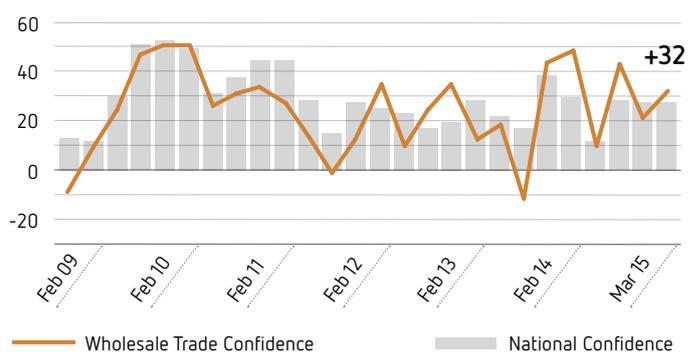
Confidence is on the rise in this sector

Confidence is returning in this sector. Last survey the wholesale trade sector recorded a major fall in confidence from a previous quarter net balance of +43 to +21 but now is above the national average with +32.

Sales (+6), employment (+7) and prices (+16) were indicators that moved into positive territory last quarter but wages (0) and profitability (-7) were subdued although improved.

Expectations for the current quarter are much better for the indicators of sales (+32), prices (+26) and profitability (+35). Wages (+13) should also lift but not employment (0).

Wholesale Trade Confidence



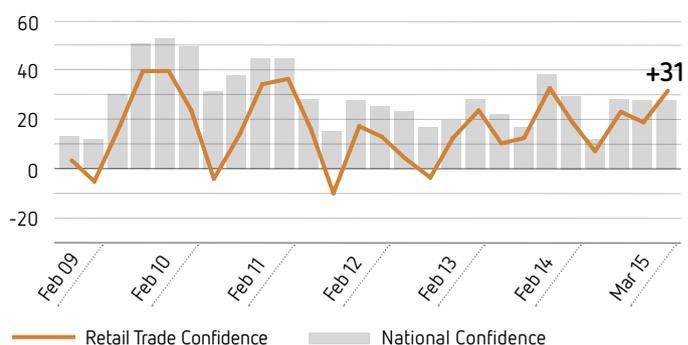
Retail Trade

Much more confident overall and optimistic about key indicators than last survey

Confidence was up markedly from a net balance of +19 to +31 taking this sector ahead of the average.

In the last quarter, only prices (+19) were really positive but for the current quarter retailers are quite upbeat. The net balance for prices and sales are +26 and +24 respectively and for profitability it is +21. Expectations for wages (+12) and employment (+11) are also higher.

Retail Trade Confidence



Industry snapshots

Transport and Storage

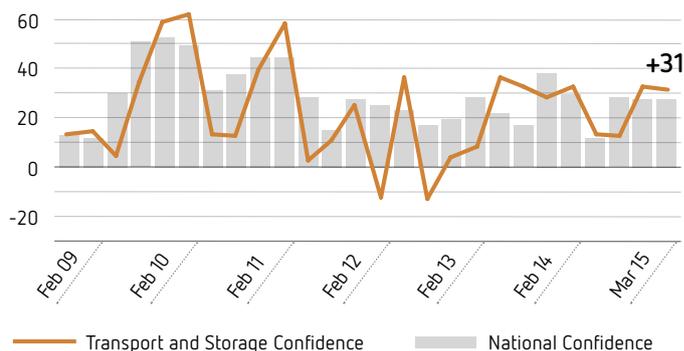
Overall confidence remains solid with key indicator expectations quite upbeat

In this sector confidence was basically steady with a net balance of +31, one point lower than in November 2014.

In the last quarter, the key indicator scores mostly showed balances around zero except for profitability (-15).

For the current quarter, those in transport and storage are pretty bullish expecting a solid improvement in sales (+34), prices (+27), wages (+23) and profitability (+29). Employment is also anticipated to increase (+10).

Transport and Storage Confidence



Communications, Property and Business Services

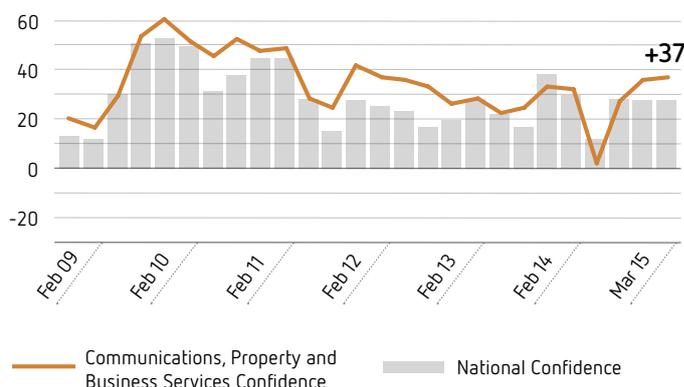
Confidence steady and strong; key indicator expectations are very positive

In this sector, confidence did not really shift but remained relatively high registering +37 (was +36).

In the last quarter, sales (+8) and profitability (+4) recorded modest rises in their net balances as did employment (+4). Wages (+16) and prices (+15) were also stronger.

For the current quarter, SMEs in this sector believe they will perform well on the key indicators, particularly sales (+39) and profitability (+40) with prices clearly on the rise (+26). This should be accompanied by increased employment (+8) and wages (+18).

Communications, Property and Business Services Confidence



Industry snapshots



Finance and Insurance

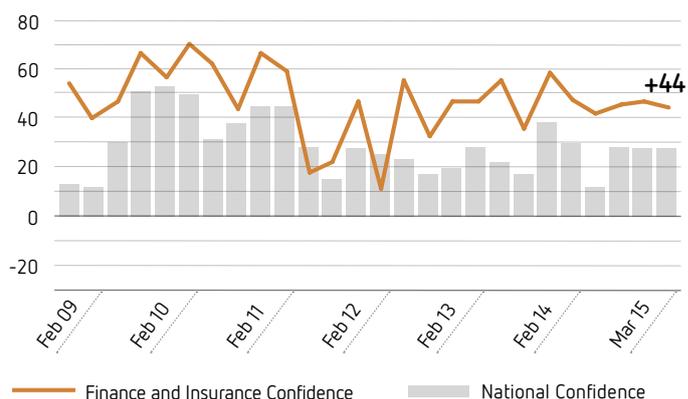
Continues to be a confident, well performing sector

Confidence in this sector is again the second highest with a net balance of +44 (was +46).

In the last quarter businesses in this sector reported flat sales with a net balance of 0 after a high of +39 last time. Profitability also was below average at -16. However, prices (+25) and wages (+12) grew.

For the current quarter, this sector is expecting good results on sales (+37) and profitability (+30) with positive balances too on wages (+27), prices (7%) and employment (+16).

Finance and Insurance Confidence



Health and Community Services

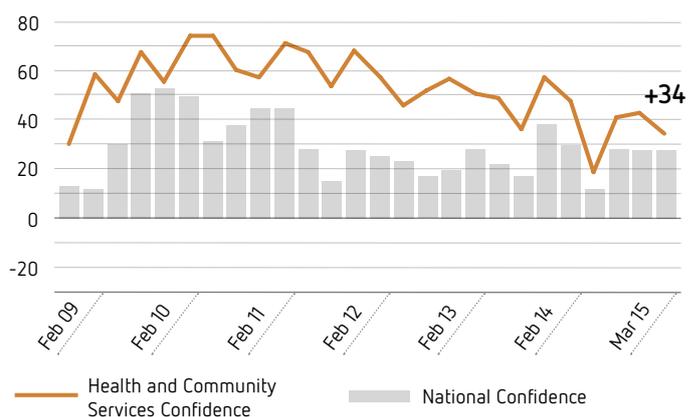
Signs are very good for this quarter's performance

Overall confidence was not as high as last quarter falling from +43 to +34 but this is still above average.

Last quarter SMEs in this sector experienced some sales growth (+7) but profitability fell to -5 (was +7) as did employment (-5). Wages and prices rose however (both +13).

SMEs in this sector display good confidence levels for the current quarter regarding sales and profitability. For sales +38 expect an increase and profitability recorded a net +42. The other indicators are also solid with prices at +20, wages +13 and employment +9.

Health and Community Services Confidence



Industry snapshots

Cultural, Recreational and Personal Services

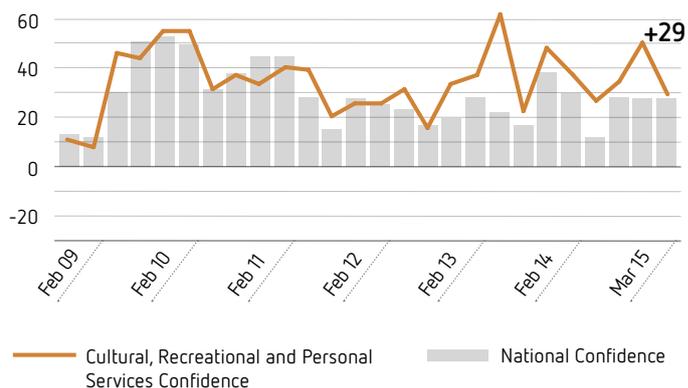
Not as confident overall as last time but this quarter is promising

Overall confidence in this sector declined significantly from a very striking net balance of +50 to +29. This is no longer the most confident sector being now near the overall average.

Sales growth registered a neutral balance this last quarter and profitability was -5. The net balance for prices was +10 while wages (+3) and employment (+5) were just in the black.

For the current quarter, expectations for improving sales and profitability are pronounced with respective net balances of +39 and +37. Expectations are also relatively strong for the other indicators: wages (+20), employment (+16) and prices (+18).

Cultural, Recreational and Personal Services Confidence



Hospitality (Accommodation, Cafés and Restaurants)

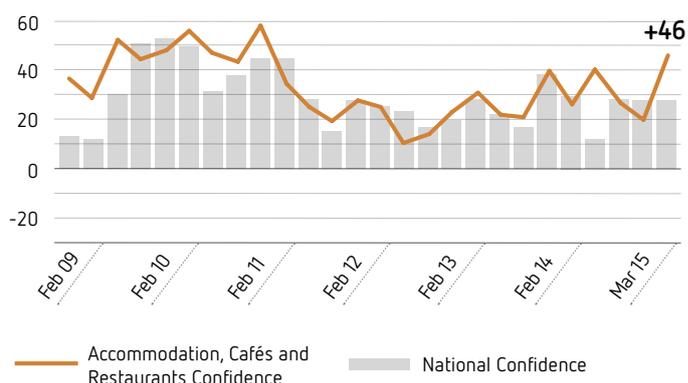
Big lift in overall confidence to highest level overall with expectations for this quarter upbeat

The hospitality sector displayed the biggest lift in overall confidence with the net balance jumping from +19 to +46. This was the highest level overall.

Businesses in this sector were inclined to raise prices last quarter (+33) and they recorded positive sales overall (+9) but not profitability (-2), although that measure improved from -16.

SMEs in this sector anticipate good sales and profitability results this current quarter with net balances of +38 for both indicators. Price expectations (+33) are also relatively high with the other two indicators in positive space: wages (+16) and employment (+9).

Hospitality (Accommodation, Cafés and Restaurants) Confidence



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- E-Business: The online experience of Australian SMEs – Annually since 1995
- Innovation – March 2001
- Finance & Banking Issues – August 1993, August 1995 and November 1999
- Attitudes to Changes in FBT – July 1999
- Workers Compensation and Workplace Safety – November 1998
- The Paper Work Burden on Small Business – October 1996
- Women in Business – July 1994 and February 1996
- Attitudes to Government – October 1994 and November 1995

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