

Media Release

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87% of businesses think Australian economy is slowing or standing still

29 October 2015: More than two times as many businesses now think the Australian economy is slowing (32%) as those who think it is growing (13%), while 55 percent think it is standing still, according to the latest Sensis Business Index (SBI) survey.¹

On a net basis, perceptions of the economy among small and medium businesses dropped four points this quarter to -19, with negative scores registered in every state and territory.

The number of businesses who spontaneously mentioned the economic climate as a key concern doubled this quarter from seven percent to 14 percent.

Sensis Chief Executive Officer, John Allan said: "Given recent events on global stock markets and with Australian unemployment on the rise, it is not surprising to see that only 13 percent of businesses think the economy is growing. In South Australia and Western Australia that figure drops to only four percent."

The Index, which reflects the views of 1,000 small and medium businesses from across Australia, also revealed that the boost in support for the Federal Government following the May Budget has evaporated, with support dropping by 17 points to +1. Those saying the policies of the Federal Government work against small business doubled from 12 percent to 24 percent.*

"This survey shows the Government has failed to consolidate the support it generated with its popular May Budget. Only in Tasmania was there a rise in support, with that State now by far the most supportive of the Federal Government," said Mr Allan.

Business confidence dropped four points for the quarter to a net score of +27, back to the same level seen in the March 2015 survey. The number of businesses trying to access finance was up from 11 percent to 17 percent, with the proportion who found accessing finance hard jumping from 15 percent to 22 percent.

The ACT saw a 14 point rise in confidence to +47 and is now the most confident location, while South Australia saw a 31 point drop in confidence to +1 and is now by far the least confident region, despite sitting close to the national average last survey.

"There were mixed results for business confidence across the states and territories with big drops experienced in South Australia, the Northern Territory and Tasmania, as well as more modest falls in Victoria and Western Australia. On the other side there were confidence gains in the ACT, Queensland and NSW," said Mr Allan.

The Tasmanian Government has seen a 19 point spike in support to now comfortably be the most supported government at any level in Australia. The Northern Territory and New South Wales Governments remain in positive territory despite both seeing eight point declines in support this quarter.

"With the exception of Tasmania, the Northern Territory and New South Wales, the other state and territory Governments remain in negative territory. Almost five times as many businesses think the policies of the South Australian Government work against business as those who think they are supportive," said Mr Allan.

At a regional level, the gap between metropolitan and regional businesses in terms of their business confidence has narrowed by 18 points to four points (+29 versus +25).

"In Victoria, Queensland and the Northern Territory there was a reversal in confidence levels, with regional areas now more confident than capital cities in those locations," said Mr Allan.

"Canberra saw a 14 point rise in confidence to now be the most confident city in Australia, while Adelaide suffered a 31 point drop in confidence to become the only place in Australia to have a negative net balance on -5."

At an industry level the health and community services sector saw a 14 point rise in confidence and is now the most confident sector on +41, while the wholesale trade sector saw a 28 point drop in confidence and is now the least confident sector on +2.

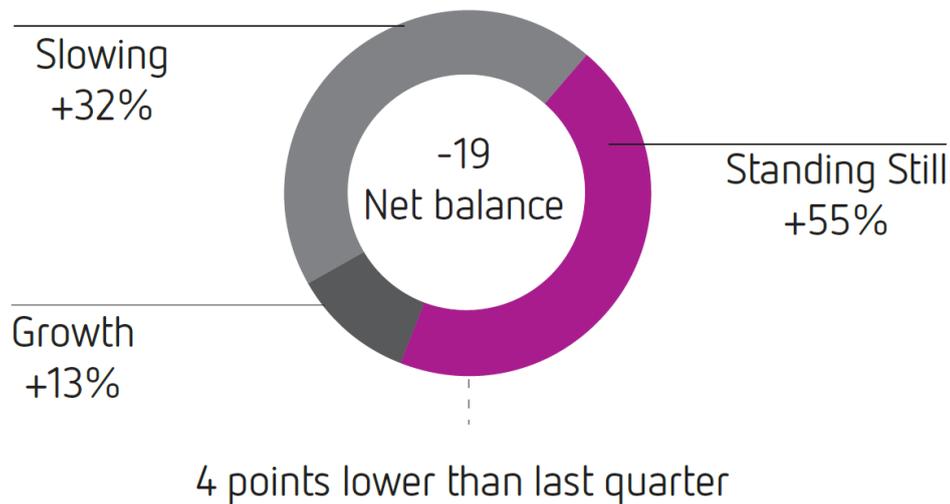
“The health and community services sector rebounded strongly and now sits in top spot, driven by strong rises in wages, prices and employment. Wholesale trade suffered a significant fall in confidence due to negative results across sales, employment, wages and profitability,” said Mr Allan.

The other big movers were the transport and storage sector, up 21 points to +30 and the cultural, recreational and personal services sector, down 24 points to +22.

The Sensis Business Index uses a net balance score which is the difference between the percentage of businesses with a positive outlook versus the percentage with a negative outlook.

Small and medium businesses comprise 99 percent of all businesses operating in Australia.

¹Perceptions of the economy among small and medium businesses - August 2015



**This survey was undertaken prior to the change from Tony Abbott to Malcolm Turnbull as Prime Minister.*

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The full report and video summarising the report can be found at www.sensis.com.au/SBI.

About Sensis

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