



# Sensis Business Index

Australia's Leading Small and Medium  
Business Outlook & Confidence Survey  
August 2019

# Introduction

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Welcome to the 'new' Sensis Business Index. At Sensis we've been surveying small-medium businesses and their confidence levels for over 25 years and the index is regarded as one of the leading surveys of its type. Over the past months we've been talking to small businesses, industry, government and the media about how we can improve the Index. All of that feedback culminates in this 'new' Index you are reading today. The key change is in the methodology used, moving from telephone-based interviews to a digital online survey – a preference now of the majority of small-medium businesses and how they interact, plus it provides the benefit of faster turnaround times from survey to publication, a larger sample size and a range of new questions. The data can be provided to partners via our new digital portal – so they gain a deeper understanding on the confidence and opinions of Australia's small-medium businesses. As future surveys are published, we'll be able to compare the data v's previous surveys, for this report we don't recommend that approach due to the methodology change.

If you would like to view the data and run your own tailored analysis, please see [page 39](#)

# Introduction

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The Sensis Business Index is based on 1,019 online interviews conducted between 23 and 31 July 2019 with small and medium business proprietors or managers employing up 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. Glow is responsible for fieldwork and Dynata for sampling.

The Index is a survey of Australia's small and medium businesses (SMBs) which commenced in 1993 to measure and track:

- SMB business activity over the last three months.
- Expectations for the current quarter.
- Overall confidence among SMBs.

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

# This survey

The good news for Australia is that SMB's are feeling confident and this is expressed widely across the country. Metropolitan SMB's are more confident than regional and interestingly female led SMB's are more confident than their male counterparts. I'm regularly talking to small-medium businesses and there is no doubt that they are feeling happy about their business prospects and, in the main, strong trading conditions.

However, the big possible cloud on the horizon facing SMB's is the economy. This concern is driven off the back of consumer confidence levels which have dropped, declining property prices, stagnant wage growth and a potential for consumers to 'pull their heads in on spending' as the year progresses. Whilst the trade war between the US and China may not directly impact many SMB's it's the uncertainty it causes that flows through to consumer and SMB confidence. Whilst lower interest rates and tax cuts are welcome the concern is consumers will pocket the saving and pay down debt instead of spending.

Overall SMB's are confident and it's the Australian economy and consumer confidence in the year ahead that will determine if their confidence continues.

John Allan  
Chief Executive Officer, Sensis



# Executive Summary

- The latest Sensis Business Index has revealed that Australia's small-medium business sector has experienced a post-election bounce, with 57% of businesses now confident while just 17% are worried.
- Tasmania, with 63% of businesses expressing confidence in their prospects, remains the most confident state followed by Queensland at 60% and Victoria at 58%.
- South Australian businesses are the most worried, with 24% expressing fears, while 21% of businesses in both New South Wales and Western Australia are worried about their prospects.
- There are significant differences between confidence levels in metro and regional areas. While 58% of metro businesses expressed confidence and 17% expressed worries, 52% of regional businesses were confident and 20% were worried about the coming 12 months.
- Victorian businesses lead the country in terms of prospects of expansion with 58% expecting significant or moderate expansion in the coming year and 10% looking to drive this by acquisition. This is well ahead of the national average of 52% expecting growth, 35% staying the same and 5% shrinking.





# Executive Summary

- Victoria is also the most positive about increasing workforce numbers – 56% of businesses believe there is nothing holding them back from employing more staff. This is 5% better than the national average.
- Despite confidence across the country, small and medium businesses are raising significant worries about the current state of the economy. One in three business owners and managers believes the economy is slowing down and one in two believes it is at a standstill. 22% of businesses expect an improvement in the coming 12 months and 30% believe the situation will get worse.
- 37% of businesses across the country believe excessive ‘red tape’ is holding back their growth. This was highest in Victoria with 41% of businesses quoting red tape as an issue. 35% of New South Wales businesses view insurance as the second hindrance after red tape (36%), while 37% of South Australian and Tasmanian businesses believe insurance is putting the brake on their growth.
- Access to finance is still a significant issue for Australia’s small and medium businesses. 30% of business owners and managers believe it is harder to access finance than it was six months ago, while 57% believe there has been no change.
- Access is hardest in regional areas with 37% reporting it is harder than it was six months ago to access finance and 52% saying there has been no change. A quarter of businesses are using credit cards to access finance and more than one in five are increasing their overdraft facilities.



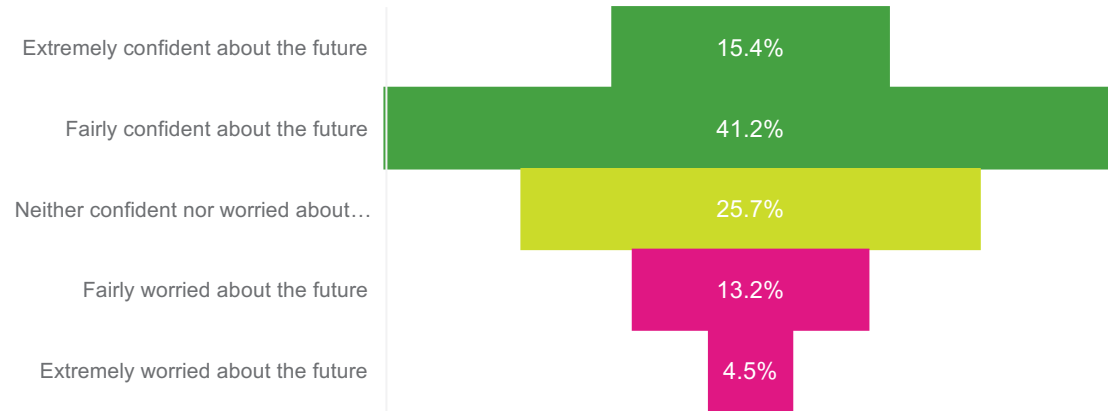
SMB confidence



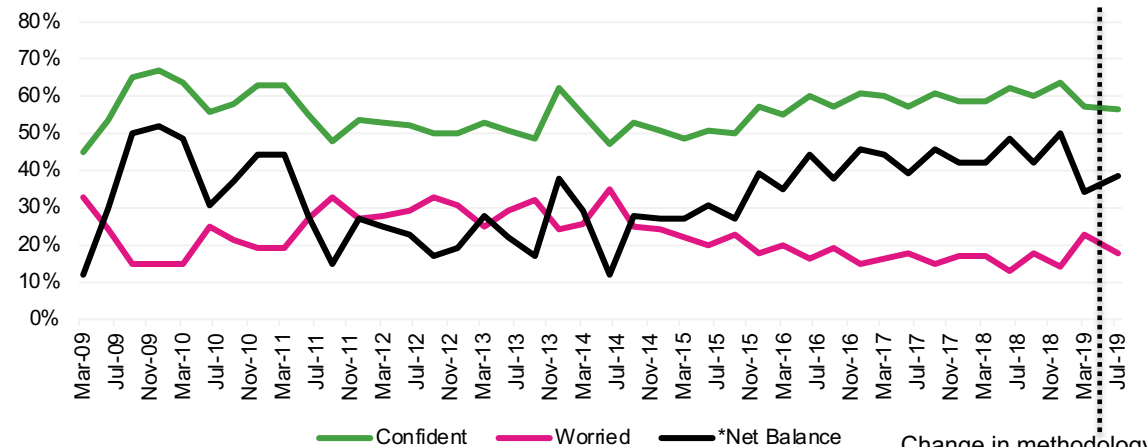


# SMB confidence strong despite concerns

- SMB confidence is high across the country.
- Tasmanian SMBs were the most confident in the country with 24.4% extremely confident and 39% fairly confident. Confidence is also high in Queensland (59.9% of SMBs are extremely or fairly confident), Victoria (58.3%) and Western Australia (57.2%). Despite this feeling of confidence in WA, 20.7% of WA SMBs were either fairly or extremely worried, pointing to a 2 speed WA economy.
- 8.4% of South Australian SMBs were extremely worried, with 16% fairly worried; this is well above the national average.
- New South Wales SMBs are also more worried than the national average (20.7%).
- Regional SMBs were less confident (51.7% are extremely or fairly confident) than their metropolitan cousins (58.5% are extremely or fairly confident). 19.9% of regional SMBs are fairly or extremely worried, compared to 16.8% in metro areas.



Long term confidence

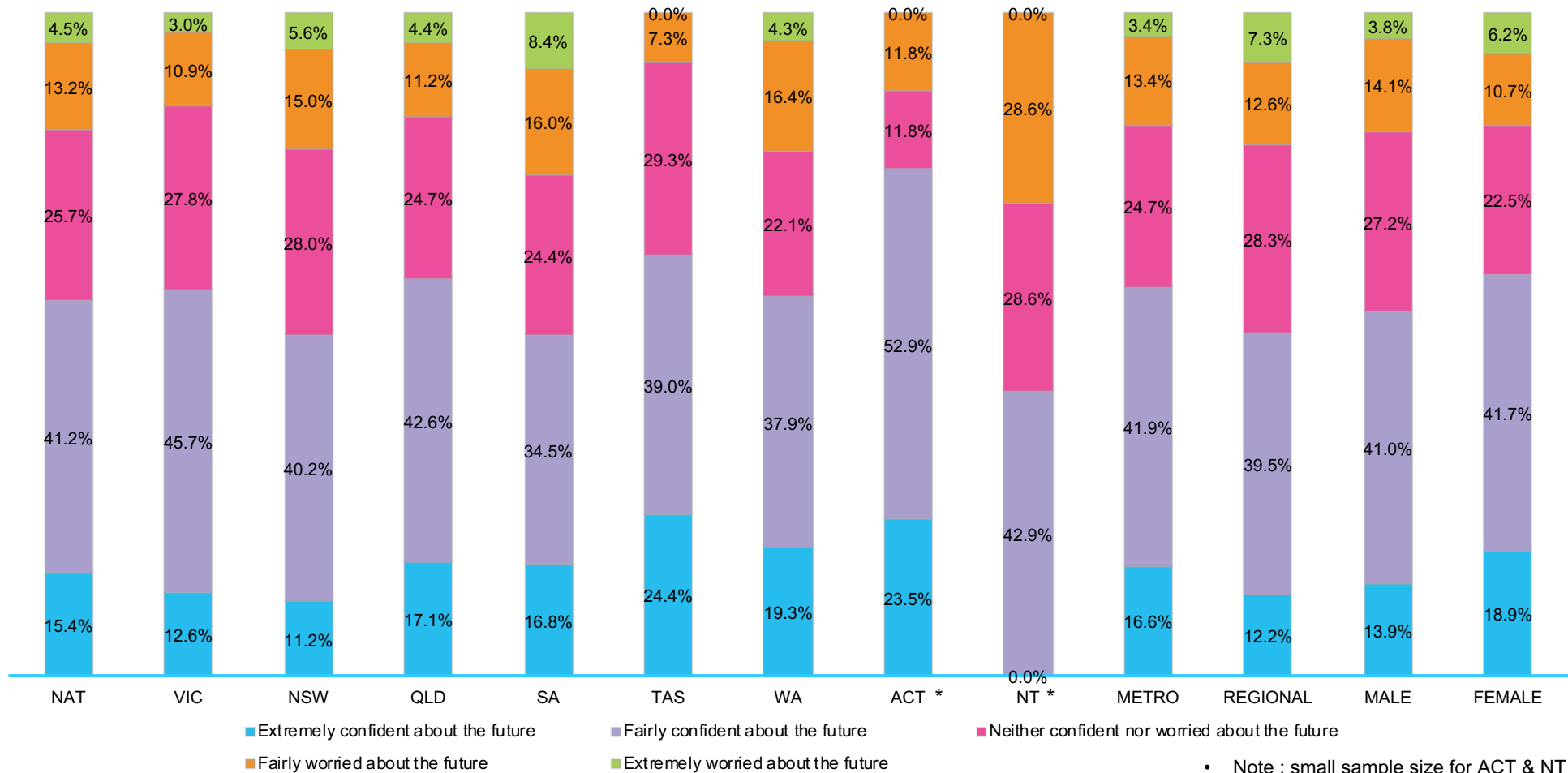


Change in methodology – July 2019



# Confidence varies across the country

And thinking about the next twelve months, how confident do you feel about your business prospects? Would you say you are...

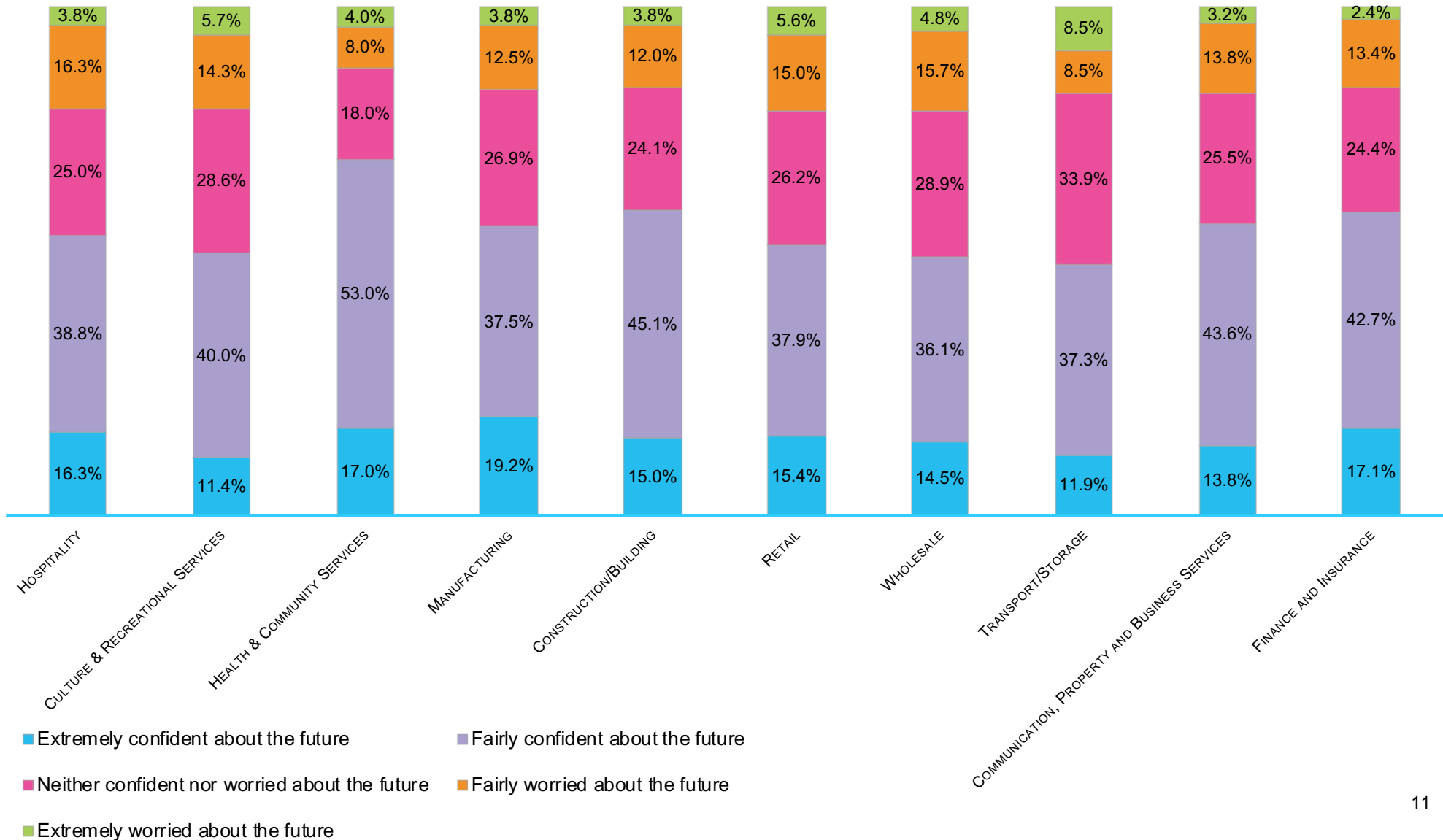


# Industry confidence – a mixed bag

- Health & Community Services is the most confident industry sector with 70% of businesses fairly or extremely confident, followed by Construction & Building at 60.1%.
- Confidence is solid across all industry sectors, with the exceptions being Transport & Storage industry (49.2%) and Wholesale (50.6%).
- One in five businesses in Hospitality, Culture & Recreational Services, Retail and Wholesale are either fairly or extremely worried about the coming 12 months.



# Confidence varies across industries

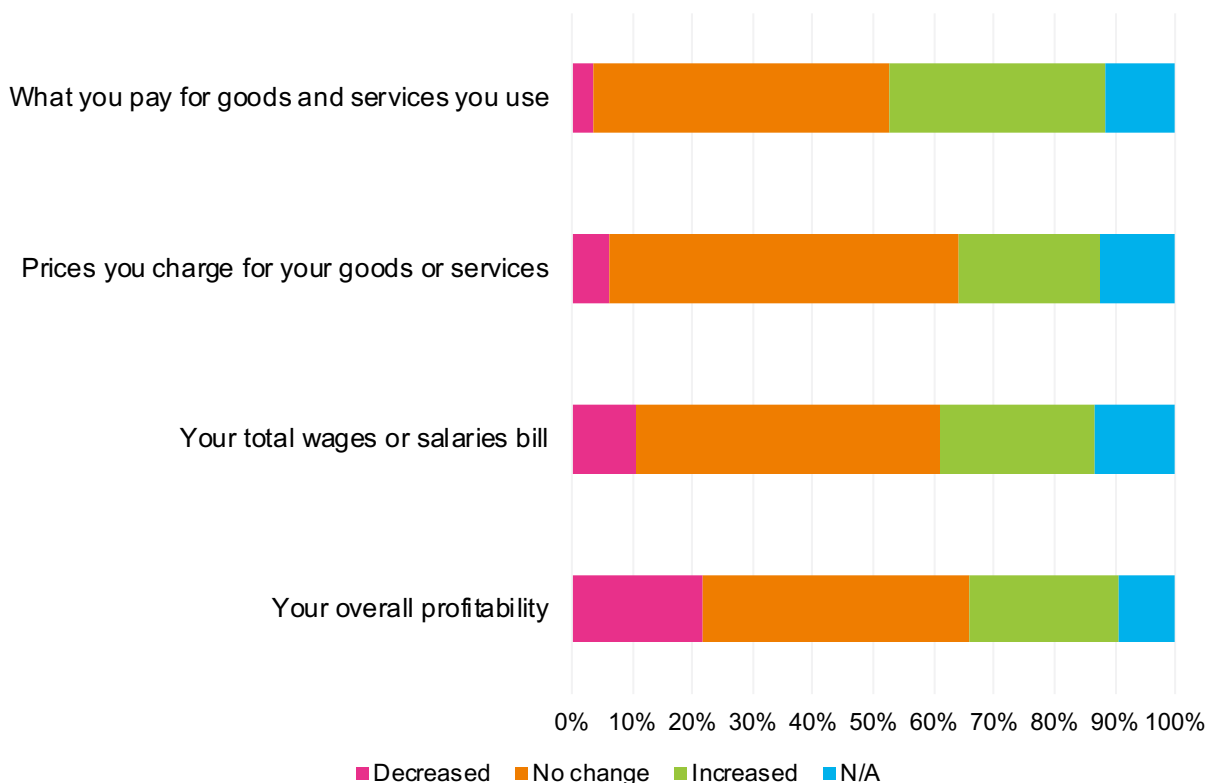




# Factors underpinning confidence

- 36% of SMBs report increases in the price paid for goods and services, compared to 23% reporting increases in the prices they charged.
- 25% of SMBs reported increased profitability in the last quarter, while 22% reported a fall in profitability.
- Businesses are split down the middle when asked if there is anything preventing them taking on new staff with 48.9% saying there are barriers and 51.1% saying there aren't.

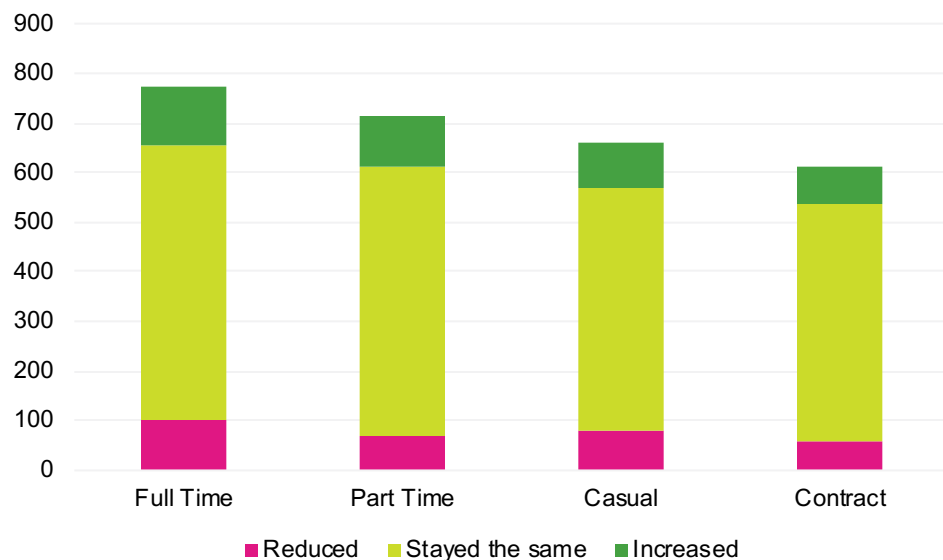
In the past quarter, (excluding normal seasonal changes) how have the following business indicators changed at your business?



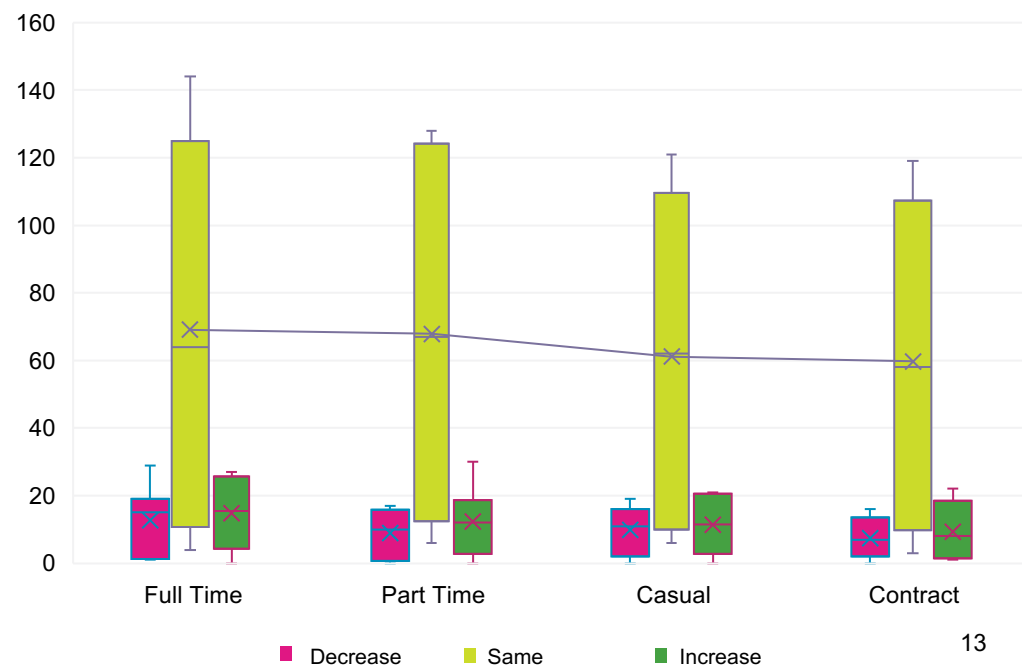
# Changes in workforce

- Businesses reported that there had been a small increase in full time, part time and casual staff numbers over the last three and 12-month periods.
- 7.6% of businesses observed a reduction in staff numbers, 9.4% increased their staffing numbers and 50.6% reported numbers had stayed the same across full, part, casual and contract workers.

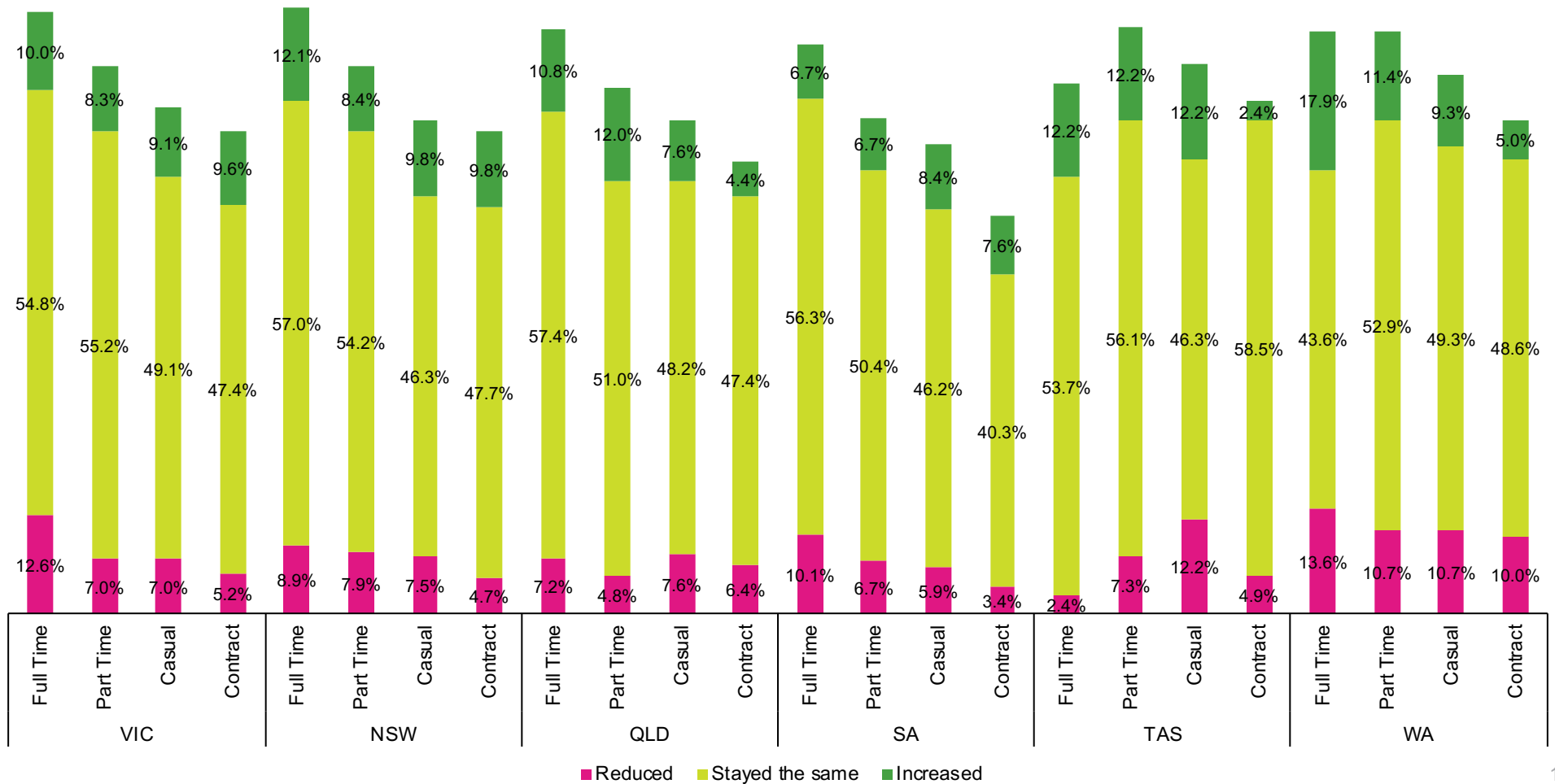
How has your workforce changed in the last 3 months?



Statistical analysis (median and outliers) - Changes in workforce make up analysis

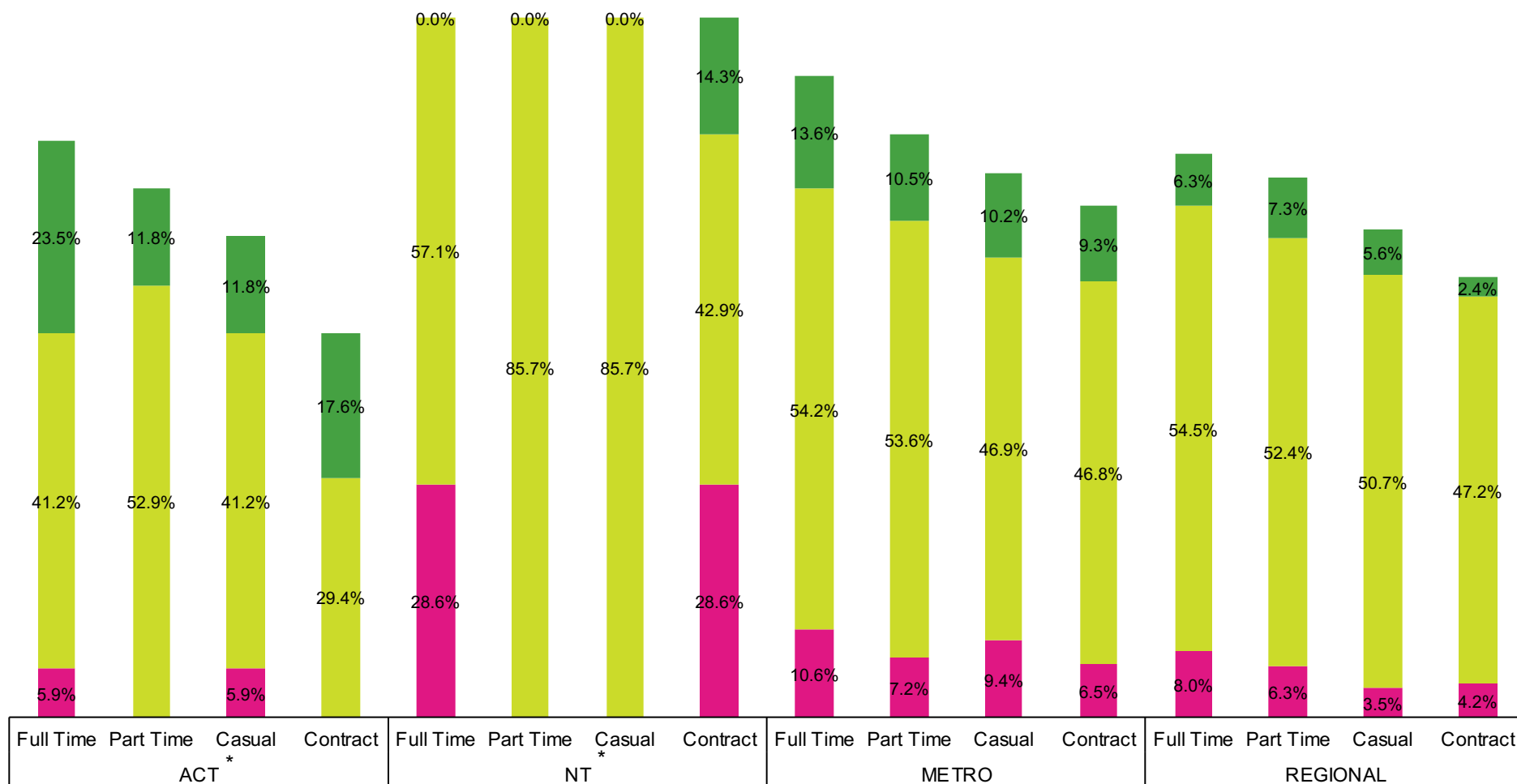


# Changes in workforce around the country in last 3 months





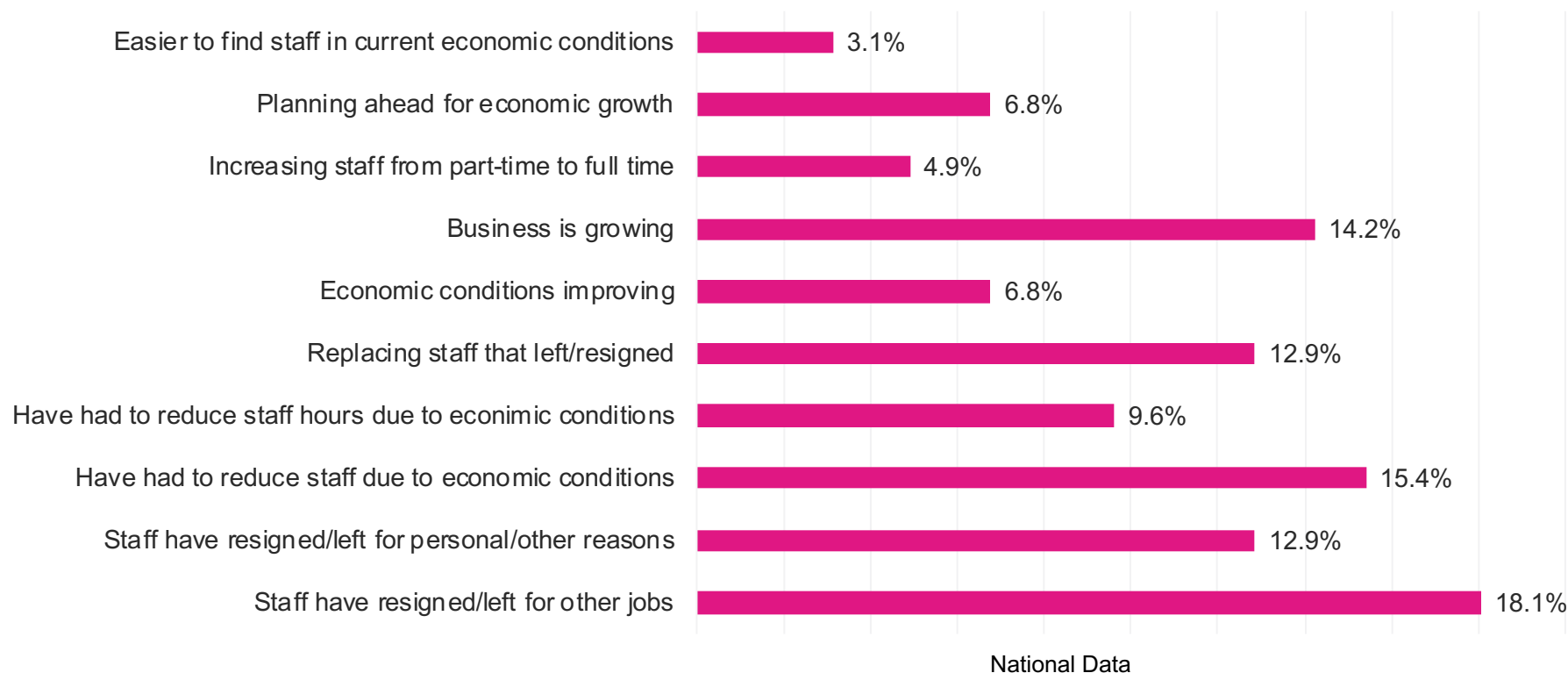
# Changes in workforce around the country in last 3 months



\* Note : small sample size for ACT & NT

# What is driving the changes in workforce?

- 42% of businesses report no change in staffing levels.
- 15% of businesses have reduced staffing numbers due to economic circumstances, with a further 10% reducing staff hours.
- Of those business that have experienced a reduction in workforce, 41.5% have made staff redundant and 22% have reduced staff working hours.



A young man with short, curly brown hair and a warm smile is the central figure. He is wearing a dark green cable-knit sweater under a grey and brown patterned blazer. He is holding a brown cardboard food container with both hands, receiving it from a woman whose back is to the camera. The woman is wearing a black and white horizontally striped long-sleeved shirt. The setting is a modern, well-lit restaurant or cafe with large windows in the background showing a cityscape at night. Other patrons are visible in the background, seated at tables. The overall atmosphere is warm and positive.

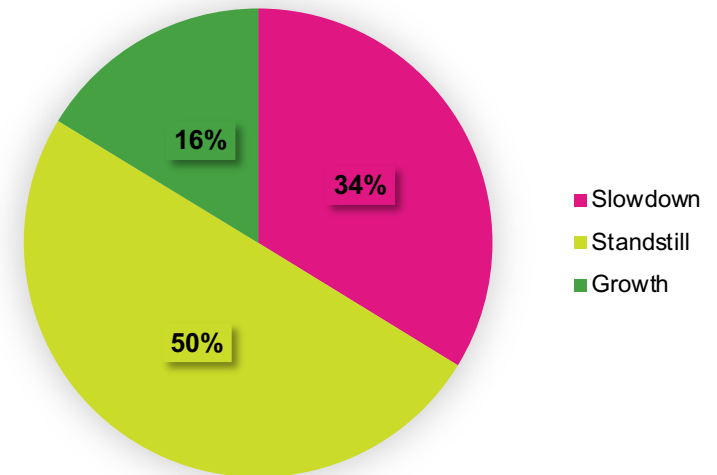
**Confidence in the economy**



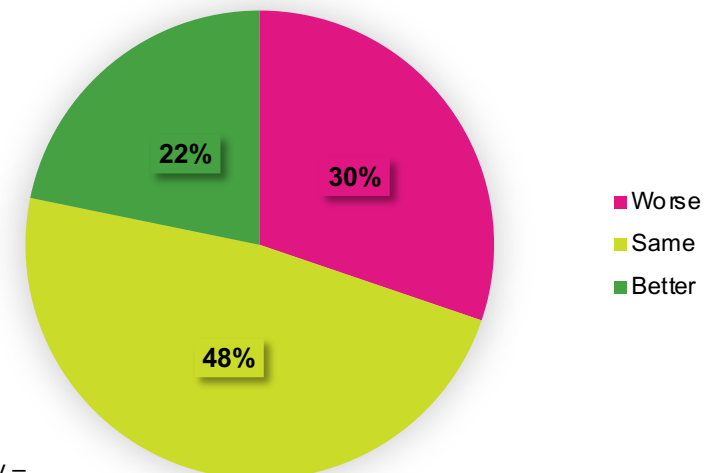
# SMBs becoming more optimistic about the economy sensis

- One in three business owners and managers believe the economy is slowing down and one in two believe it is at a standstill. Overall, 22% of businesses expect an improvement in the economy over the next 12 months and 30% believe the situation will get worse.
- South Australian businesses are the most concerned, with 24% expressing fears about the economic slowdown, while 21% of businesses in both New South Wales and Western Australia are worried about their prospects.

Overall, do you believe that Australia is in a period of economic growth, economic slowdown, or economic standstill?



And thinking about the nation's economy overall. In a year from now do you think the nation's economy will be better, worse or about the same?



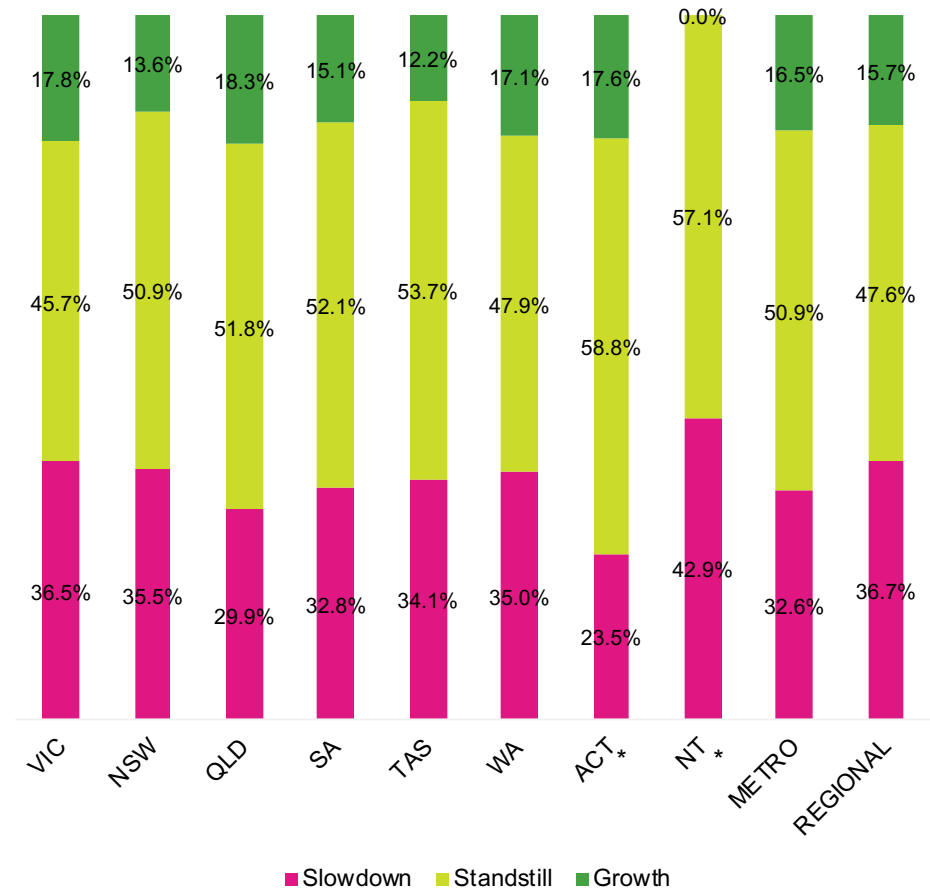
Long term confidence in economy



Change in methodology – July 2019

# Perceptions of the economy across the country

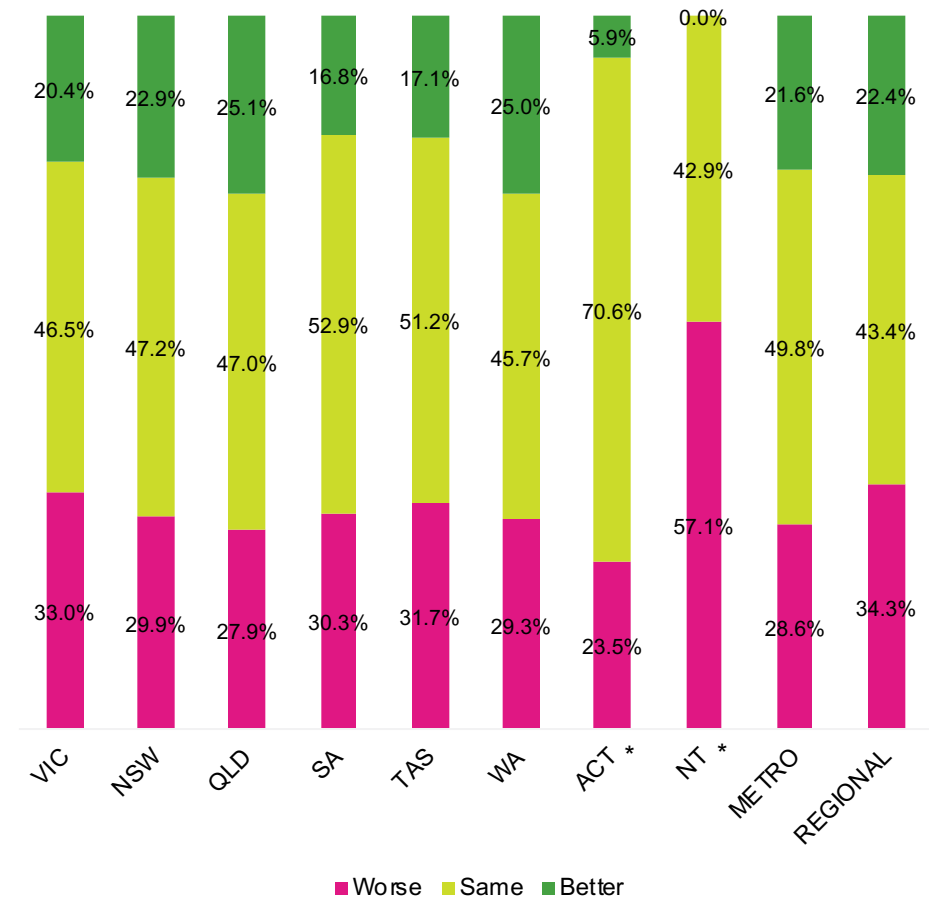
- Victorian SMBs were the most worried about the state of the economy with 36.5% believing it is in slowdown. Queensland SMBs were the most positive, with 18.3% believing the economy is growing.
- When comparing Metro and Regional SMBs, regional businesses were more convinced the economy is slowing (32.6% vs 36.7%).



\* Note : small sample size in ACT & NT

# Perceptions of the economy a year from now

- The majority of SMBs across the country are not optimistic about the prospects of the economy over the coming 12 months.
- Despite the overall feeling of a slow or stagnant economy, there are glimmers of hope that the economy is beginning to move forward.
- Compared to the perceptions about the economy today, the percentage of SMBs predicting the economy would be better in 12 months time was higher in all states and territories and fewer businesses believe the economy will be worse.



\* Note : small sample size in ACT & NT

Access to finance





# Access to finance

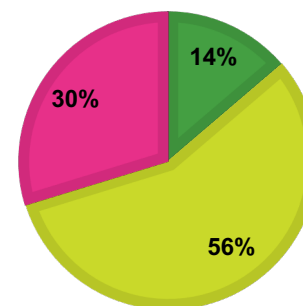
- Access to finance remains a significant worry for SMBs, especially in regional areas. 30% of businesses believe it is harder than it was 6 months ago to access finance. This rises to 37% in regional areas. All states and territories noted it was harder to obtain finance, especially in Queensland and NSW.

%	VIC	NSW	QLD	SA	TAS	WA
Easier	16.5	14.5	10.8	14.3	7.3	16.4
Same	54.8	53.7	57.4	58	65.9	55.7
Harder	28.7	31.8	31.9	27.7	26.8	27.9

- 87% of SMBs have not attempted to access finance in the last 6 months. Of the 13% that did, 73% were successful. SMBs within the Health and Community Services sector were most likely to have accessed finance (19%), followed by manufacturing (16%) and Hospitality (15%).

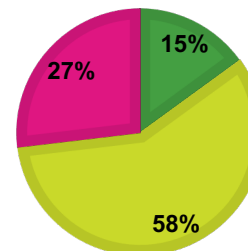
## TOTAL

- Easier to access finance
- About the same to access finance
- More difficult to access finance



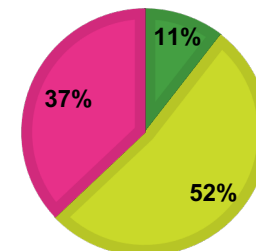
## METRO

- Easier to access finance
- About the same to access finance
- More difficult to access finance



## REGIONAL

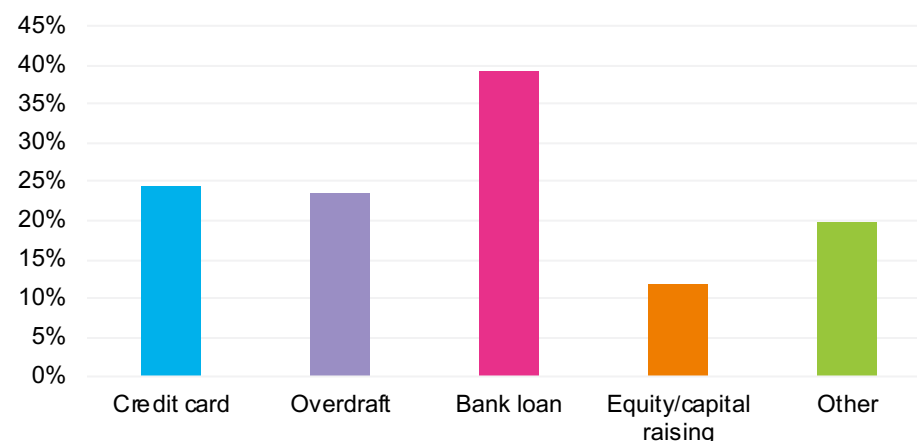
- Easier to access finance
- About the same to access finance
- More difficult to access finance



# Methods of finance

- There were significant differences in methods of finance across the states.
- Victorian (44%) and Tasmanian (44%) businesses were more likely to use a bank loan to access finance whereas South Australian SMBs were more likely to use a credit card (28%) than any other method.
- There are significant differences in the way male and female business owners access finance. 36% of male respondents would consider bank loans, followed by overdraft (24%) and credit card (21%); whereas 47% of female respondents would use a bank loan to finance the business, followed by credit card (33%) and overdraft (21%).

If you need to access finance in the next 6 months, which of these would you consider?





How gender changes confidence



# How gender reflects attitudes



## Business Confidence:

Extremely confident .....	18.9%
Fairly Confident .....	41.7%
Fairly worried .....	10.7%
Extremely worried.....	6.2%

## The economy in 12 months time:

Worse.....	30.6%
Same.....	50.2%
Better.....	19.2%

## Are Federal Government policies supportive:

Work against SMBs.....	24.4%
No impact.....	38.8%
Supportive of SMBs.....	23.1%
Don't know.....	13.7%



## Business Confidence:

Extremely confident.....	13.9%
Fairly Confident ....	41.0%
Fairly worried.....	14.1%
Extremely worried.....	3.8%

## The economy in 12 months time:

Worse.....	29.7%
Same.....	47.2%
Better.....	23.1%

## Are Federal Government policies supportive:

Work against SMBs .....	21.5%
No impact.....	34.9%
Supportive of SMBs .....	32.5%
Don't know.....	11%



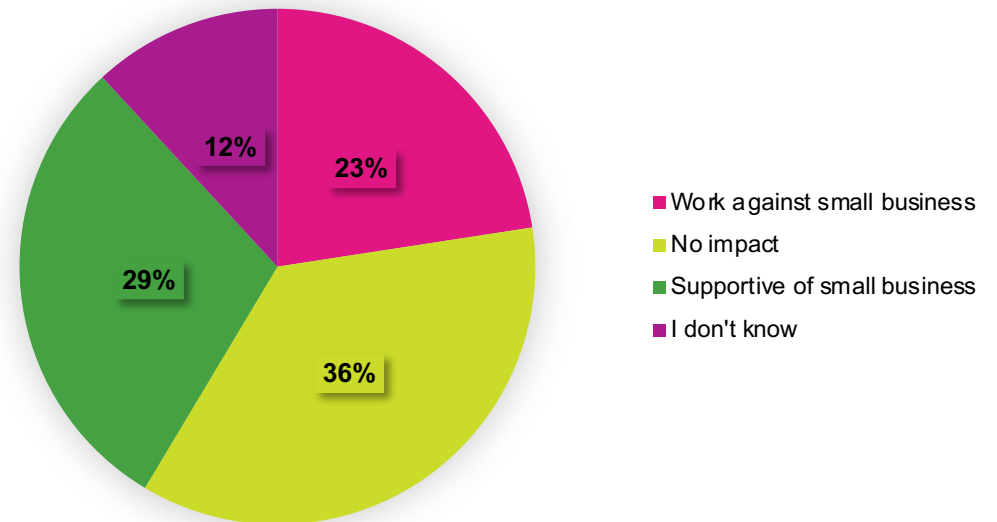
# Support for the Federal Government



# Support for Federal Government Policies

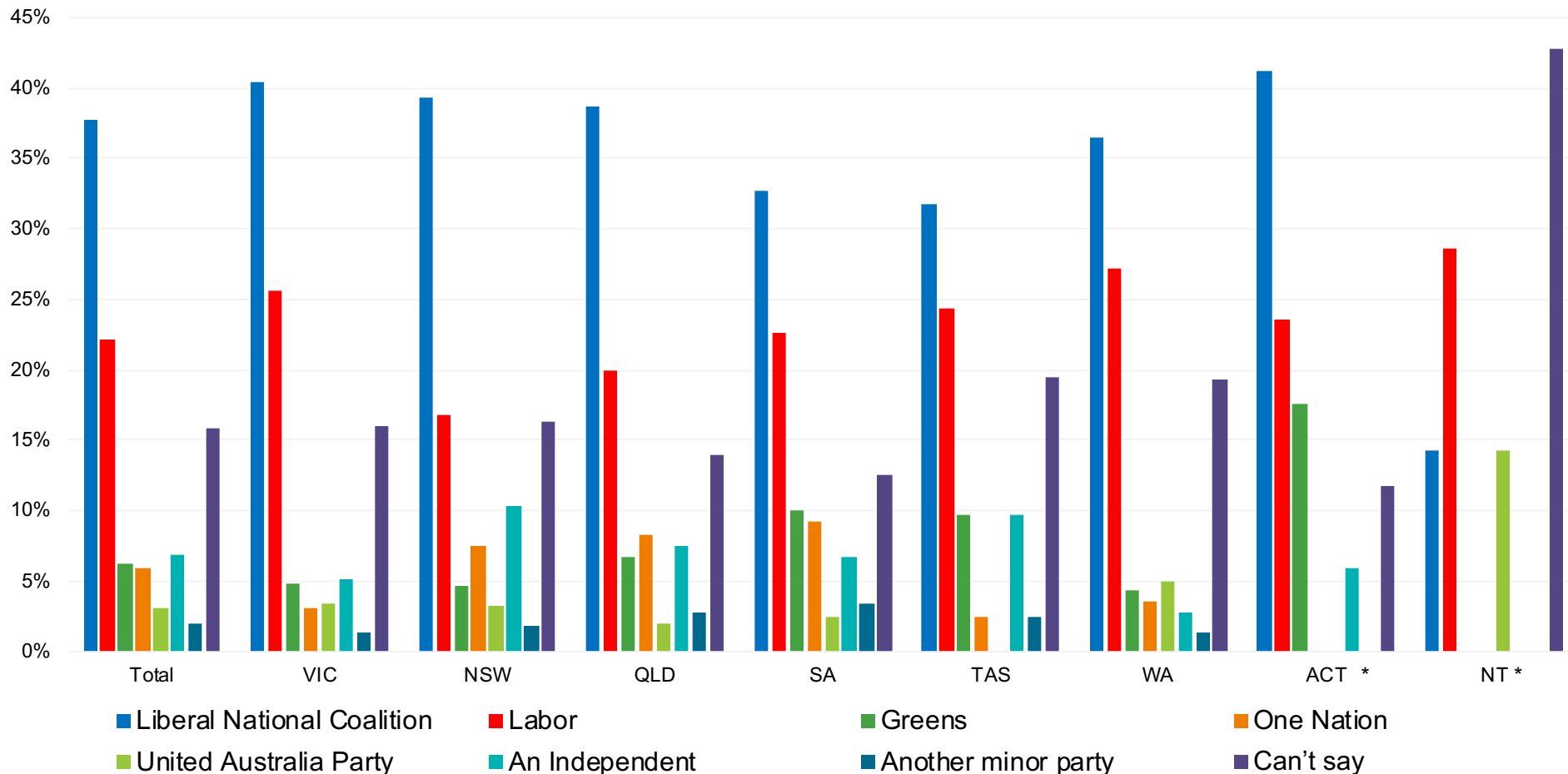
- The highest support for the Federal Government's policies came from SMBs in NSW (32.2%) and Queensland (31.5%). Regional SMBs were more supportive (31.5%) than their metro counterparts (28.8%).
- 34.1% of Tasmanian SMBs believe Federal Government policies work against SMBs.
- When it comes to those SMBs who believe the Federal Government has no impact on their business, NSW (40.7%) and South Australian (37%) SMBs sat above the national average.

Overall, do you believe that the Federal Government's current policies are supportive of small business in general?



# SMB voting intentions

If there was a Federal election tomorrow, who would you vote for?



\* Note : small sample size ACT & NT





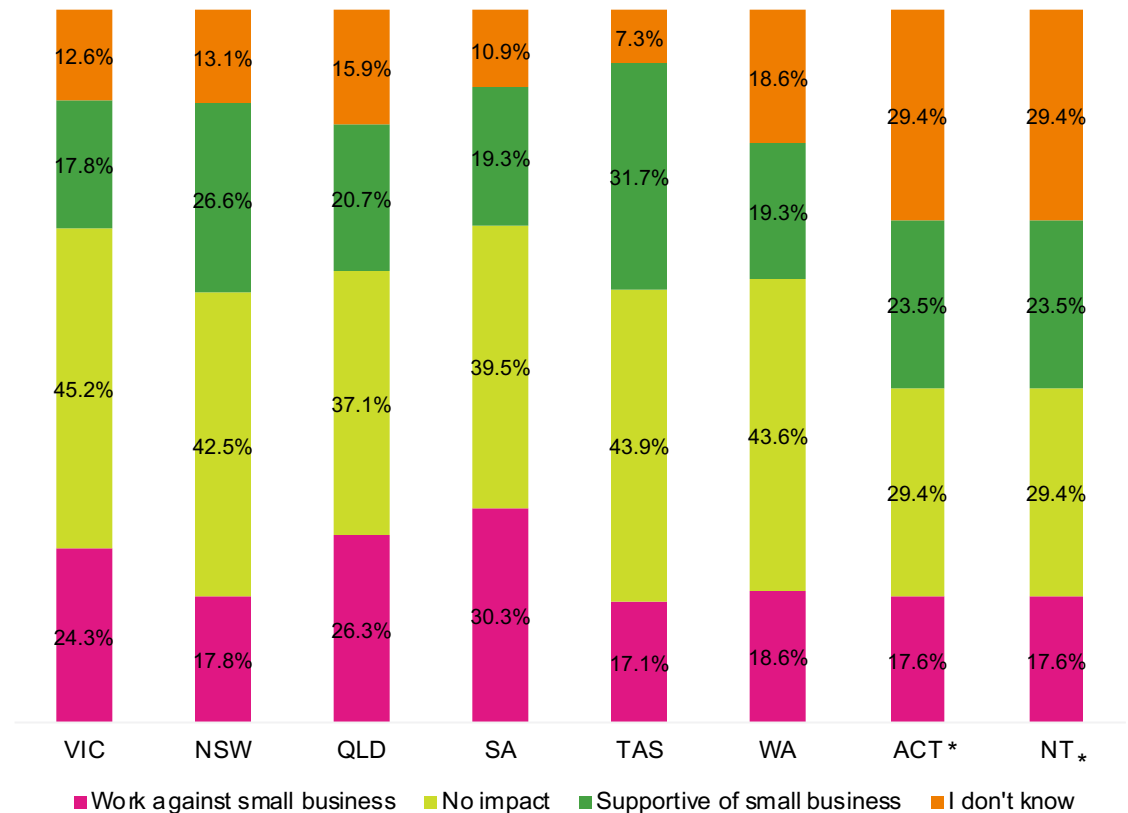
# Support for State and Territory Governments



# SMB support for state and territory governments

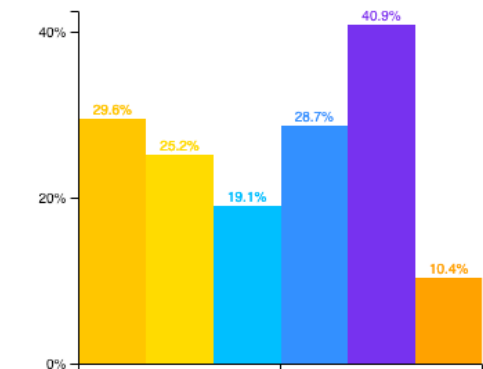
- Tasmanian SMBs were the most positive when it comes to state and territory government support for SMBs, with 37.1% believing the Hodgman Government is supportive to SMBs. The Berejiklian Government also performed strongly with 26.6% of SMBs believing it is supportive.
- 30.3% of South Australian SMBs believe the Marshall Government is working against SMBs.

Do you believe that your State (or Territory) Government's policies are supportive of small business?



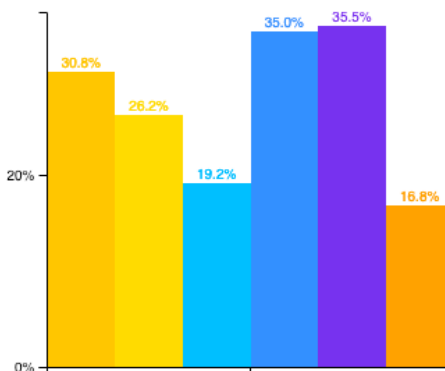
\* Note : small sample size ACT & NT

# Which State, Territory or Federal government policies are holding you back?



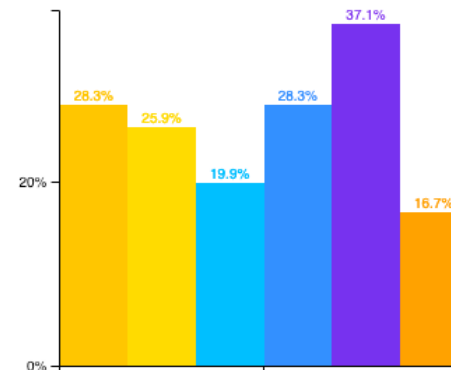
● Payroll tax ● Corporate tax rates ● Environmental policies  
● Insurance ● Red tape ● Other (please specify)

VIC



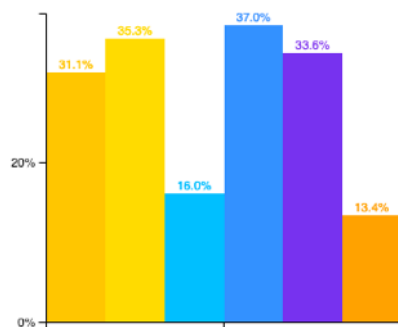
● Payroll tax ● Corporate tax rates ● Environmental policies  
● Insurance ● Red tape ● Other (please specify)

NSW



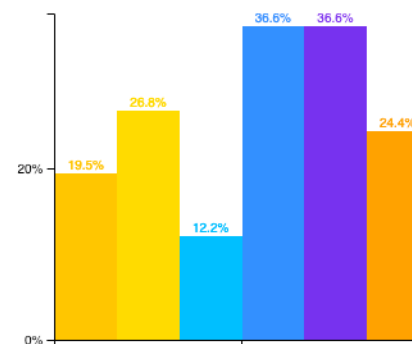
● Payroll tax ● Corporate tax rates ● Environmental policies  
● Insurance ● Red tape ● Other (please specify)

QLD



● Payroll tax ● Corporate tax rates ● Environmental policies  
● Insurance ● Red tape ● Other (please specify)

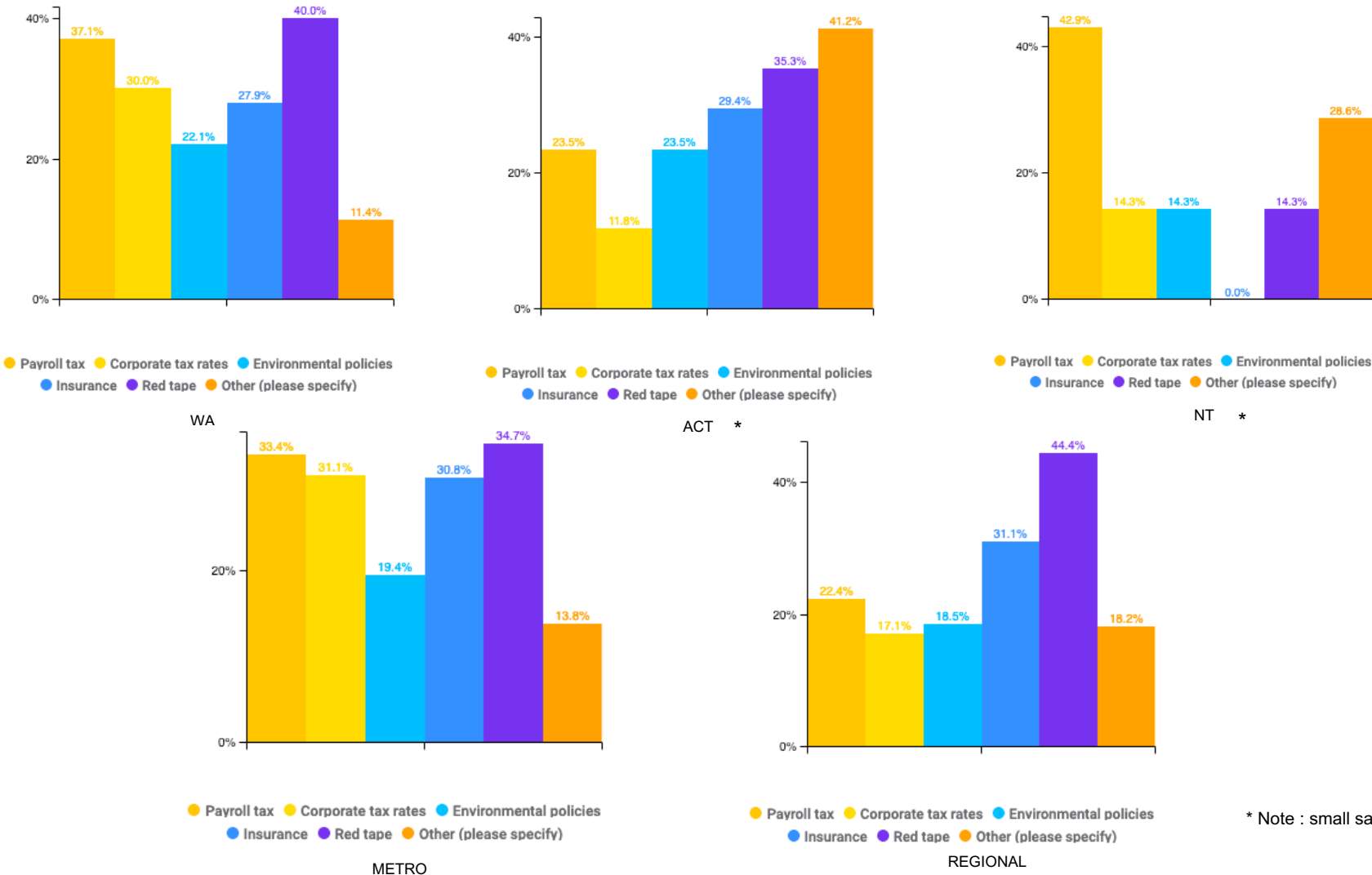
SA



● Payroll tax ● Corporate tax rates ● Environmental policies  
● Insurance ● Red tape ● Other (please specify)

TAS

# Which State, Territory or Federal government policies are holding you back?



# Tied in red tape?

- Nationally, 37.4% of SMBs state that 'red tape' is holding back their growth and profitability. This figure rises to 41% in Victoria.
- In NSW, 35% of businesses view insurance as the second highest hindrance after red tape (36%), while 37% of South Australian and Tasmanian businesses believe insurance is putting the brakes on their growth.
- When pressed further as to what red tape specifically, few business owners and managers could name specific examples.

## What Red tape specifically?





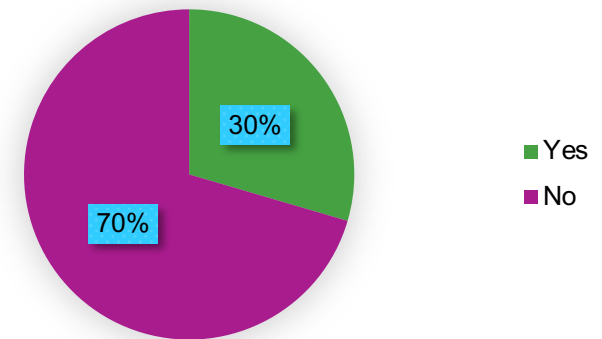
A man with a friendly expression, wearing a black beret, red-rimmed glasses, a purple shirt, and a light beige blazer, stands in a grand, ornate room. He is holding a yellow measuring tape around his neck and a pair of silver scissors in his hands. The background features high ceilings with arched windows, decorative moldings, and two mannequins dressed in dark suits. A wooden table with various items on it is visible behind him. The overall atmosphere is one of a high-end, traditional tailor's shop.

# Stimulating the economy: The \$30,000 tax incentive

# Taking advantage of the \$30,000 asset write-off

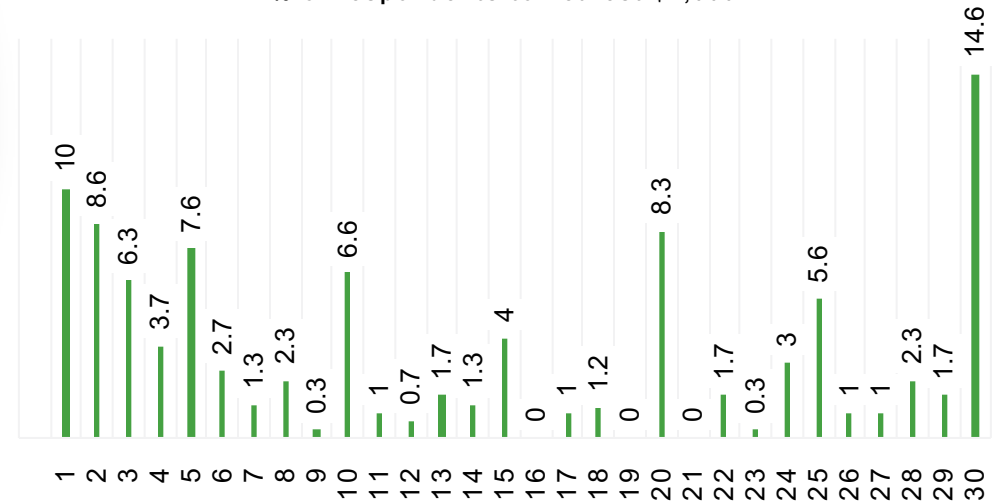
- Less than a third of SMBs took advantage of the extended asset write off incentive at the end of the last financial year.
- Those deciding against taking advantage cited lack of available funds, lack of awareness and reluctance to over-spend.

## DID YOU TAKE ADVANTAGE?



## HOW MUCH DID THEY SPEND?

% of respondents to nearest \$1,000







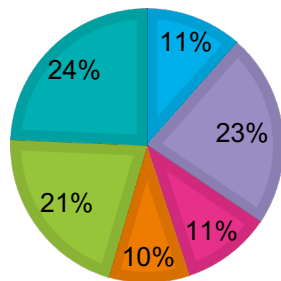
# Sensis Business Index About the survey

# About the survey



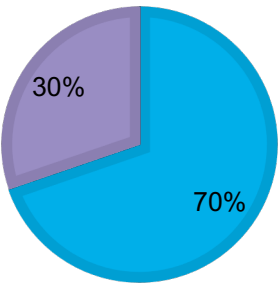
## AGE OF RESPONDENTS

- 30 years old or under
- 31 to 40 years old
- 41 to 45 years old
- 46 to 50 years old
- 51 to 60 years old
- Over 60 years old



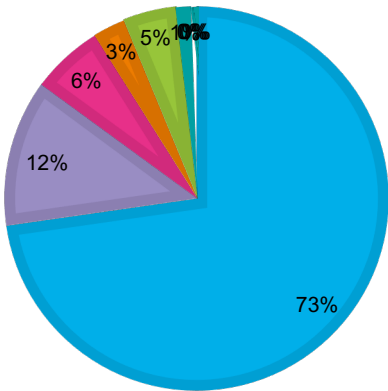
## GENDER OF THE BUSINESS OWNER/ MOST SENIOR PERSON

- Male
- Female

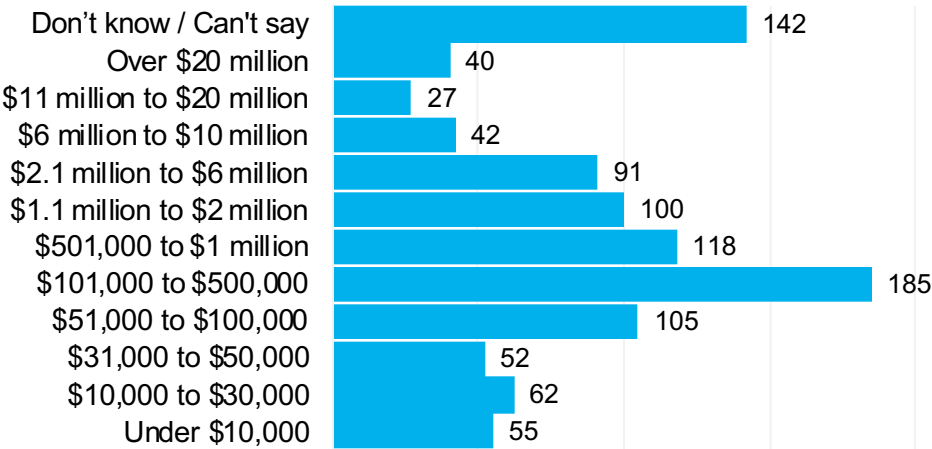


## HOW MANY LOCATIONS DO YOU OPERATE FROM?

- 1
- 2
- 3
- 4
- 5 to 9
- 10 to 19
- 20-29
- 30 to 39
- 40 plus



## ANNUAL REVENUE OF BUSINESSES SURVEYED





# About the survey

Breakdown of small and medium businesses surveyed

## Industry sector

Hospitality	80
Communication, Property and Business Services	94
Construction/Building	133
Culture & Recreational Services	70
Finance and Insurance	82
Health & Community Services	100
Manufacturing	104
Retail	214
Transport/Storage	59
Wholesale	83
<b>Total</b>	<b>1019</b>

## Location of business

	Metro	Regional	Total
New South Wales	146	68	214
Victoria	174	56	230
Queensland	147	104	251
South Australia	101	18	119
Western Australia	121	19	140
Tasmania	23	18	41
Northern Territory	5	2	7
Australian Capital Territory	16	1	17
<b>Total</b>	<b>733</b>	<b>286</b>	<b>1019</b>

Full access to the Sensis SMB Business Index is available under license.  
For details, please contact Will Clarke, Head of Corporate Communications, on 03  
8653 3431 or [will.clarke@sensis.com.au](mailto:will.clarke@sensis.com.au)

Please note that the data in this report were obtained using an online sampling method and so  
quarter on quarter comparisons are not recommended.

Sensis helps Australians connect and engage through our leading platforms. We help create and manage valuable connections via our digital consumer businesses (Yellow, White Pages, True Local, Whereis and Skip), search engine marketing and optimisation services, website products, social, data and mapping solutions, and through our digital agency Found. Sensis is also Australia's largest print directory publisher including the Yellow Pages and White Pages.

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