

## **UNDER EMBARGO: FOR RELEASE TO PUBLIC ON TUESDAY 6 SEPTEMBER 2011**

NOTE: These are the Victorian results for the Sensis® *Business Index*. Please see separate national release. The quarterly survey began in 1993 and provides the latest snapshot of small and medium (1-199 employees) business activity in Australia. It is based on a sample size of 1,800 businesses from metropolitan and regional areas, interviewed between 29 July and 26 August 2011.

### **Victorian small business profitability falls to nation's highest**

Small business profitability has plummeted this quarter in Victoria, according to the Sensis® *Business Index* released today, but the state has still fared better than rest of the nation.

Report author Ms Christena Singh said profitability amongst small businesses in Victoria fell sharply during the quarter with the profitability indicator falling into negative territory.

Four in 10 small businesses experienced a decrease in profitability during the quarter, while just two in 10 experienced an increase and the remaining experienced no change.

"The profitability indicator for Victoria is now strongly negative, but is still much stronger than the national average," Ms Singh said.

Victorian businesses are expecting profitability to deteriorate over the coming quarter, but at the same time recorded the nation's highest profitability expectations for the next 12 months.

"Victorian small businesses have the strongest outlook for profitability over the next 12 months, far outpacing the national average," she added.

In line with weaker trading conditions, business confidence in Victoria also fell. "Business confidence in Victoria has not fallen by the same degree that we have seen in many other states and territory."

Victoria's business confidence is the second highest in the nation, only behind that of Northern Territory.

"Victorian small businesses are resilient and very nimble, with many taking proactive measures to counteract the changing conditions," she noted.

According to the report, 47 per cent of Victorian small businesses are planning to introduce new products and services during this financial year, while 38 per cent expect to increase

their digital presence, 37 per cent look to increase their sale force, 31 increase advertising activities and 24 increase social media activities.

The report indicates 18 per cent of Victorian small businesses are looking to close or sell their business (marginally higher than national average of 17 per cent). However, Victorian business operators are more likely to be planning to start a new business during the financial year (nine per cent compared to the national average of 6 per cent).

**Key VIC findings from the September 2011 Sensis® Business Index:**

- Business confidence fell from 39 to 26 per cent
- Profitability declined amongst the small business sector, with the indicator down from zero per cent to negative 17 per cent
- The sales indicator fell, down 14 percentage points to negative 17 per cent
- Overall employment by Victorian small businesses contracted from a high base, taking the indicator down from nine to three per cent
- Support for the Victorian Government's policies fell 12 percentage points during the quarter, taking the indicator to four per cent, the third highest level of support for a state or territory government.

**VIC business plans for the Financial Year:**

Introduce new products and services	47%
Increase advertising activities	31%
Increase digital presence	38%
Introduce/increase social media activities	24%
Refinance business	9%
Sell or close business	18%
Start a new business	9%
Hire more staff	25%
Decrease staff	8%
Develop business plan	29%
Undertake financial planning	24%
Increase sales force/activities	37%
Seek professional assistance to grow business	17%
Take on a business partner	7%
Personally work less in the business	24%
Personally work more in the business	25%
Appoint senior staff to help run the business	14%

-ends-

For interviews with the report author or for further information contact:

De-Arne Carr on 03 9397 5677 or 0419 585 711

The Sensis® *Business Index* is available now by contacting the above or can be downloaded from [www.about.sensis.com.au/resources](http://www.about.sensis.com.au/resources) from 9am Tuesday 6 September 2011.