
MYOB Australian Small Business Survey

March 2008

Small Business Survey Report

Prepared for MYOB Australia

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About the study

This report presents the summary findings for key indicators from the MYOB Australian Small Business Survey comprising a national sample of 1,436 small business proprietors and general managers, conducted in March 2008. The small businesses participating in the survey are defined as both non-employing and employing businesses with less than 20 employees. Results have been weighted to reflect the small business population distribution according to the Australian Bureau of Statistics (ABS) for company size, length of time operating, region and selected ANZSIC Industry divisions (refer to ABS publications *Characteristics of Small Business*, 8127.0, 2001 and *Small Business in Australia*, 1321, 2001).

The key indicators presented in this report include:

Small Business Issues:

- Perceptions of current business performance
- Confidence in future business prospects
- Expectations for future business performance and factors underpinning the expectation
- Outlook for specific business issues such as sales, cash flow, business costs and other issues
- Outlook for business revenue
- Likelihood to invest in own business within the next 6 months, and the likely amount of any such investment
- Expectation of employing or reducing staff in the next 12 months
- Methods of finding employees
- Composition of small businesses' workforce
- Current work-life balance

Government Issues:

- Perceptions of the future of the Australian economy
- Perceptions of the State and Federal Governments performance in contributing to small business development in Australia

The findings of the research are reported by industry type:

| Industry | Sample |
|---|---------------|
| Agriculture | 78 |
| Manufacturing | 84 |
| Construction | 137 |
| Wholesale Trade | 50 |
| Retail Trade | 213 |
| Accommodation, Café and Restaurants | 48 |
| Transport and Storage | 56 |
| Communication, Media and Marketing Services | 79 |
| Finance and Insurance | 120 |
| Property and Business Services | 188 |
| Education | 65 |
| Health and Community Services | 103 |
| Cultural and Recreational Services | 35 |
| Personal and Other Services | 136 |
| Information & Communications Technology | 41 |
| Tourism | 3* |
| Total | 1436 |

Note:

* Tourism is included in the total statistics reported but is not reported at an industry level due to a low sample size.

The findings are also reported by state for some questions:

| State | Sample |
|--------------|---------------|
| NSW | 440 |
| VIC | 342 |
| QLD | 300 |
| SA | 101 |
| WA | 163 |
| TAS | 44 |
| NT | 20* |
| ACT | 26* |
| Total | 1436 |

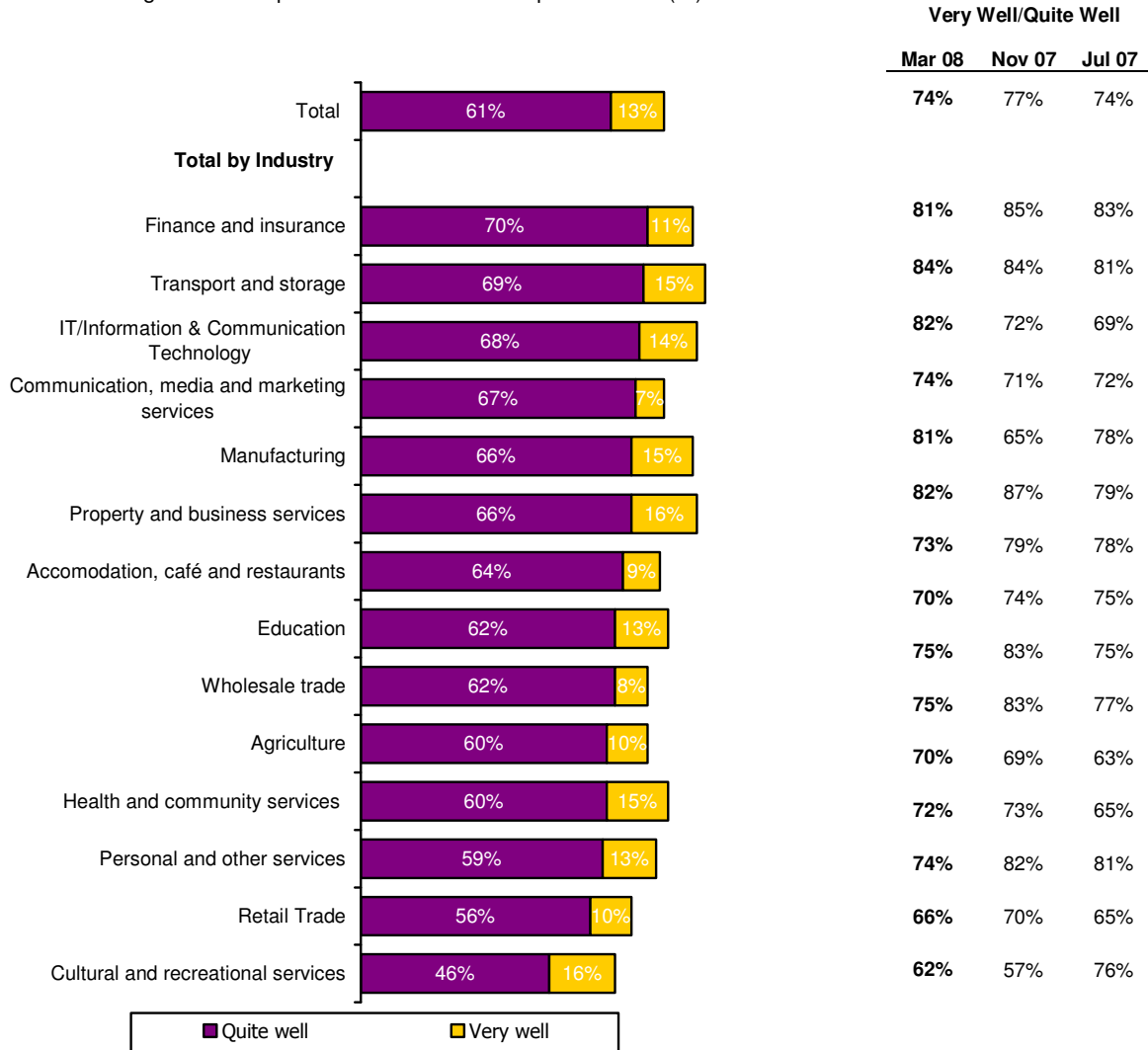
Note:

* Sample sizes for NT and ACT are too small for reliable statistics at a State level, but are included in the total figures.

Perceptions of own business (current)

Small business owners have a positive outlook regarding the current performance of their business

Figure 1: Perceptions of current business performance (%)



Base: Online small businesses owners (n=1436)

Q1: Thinking about the current performance of your own business, do you think your business is performing...very well, quite well, not very well, not at all well, don't know?

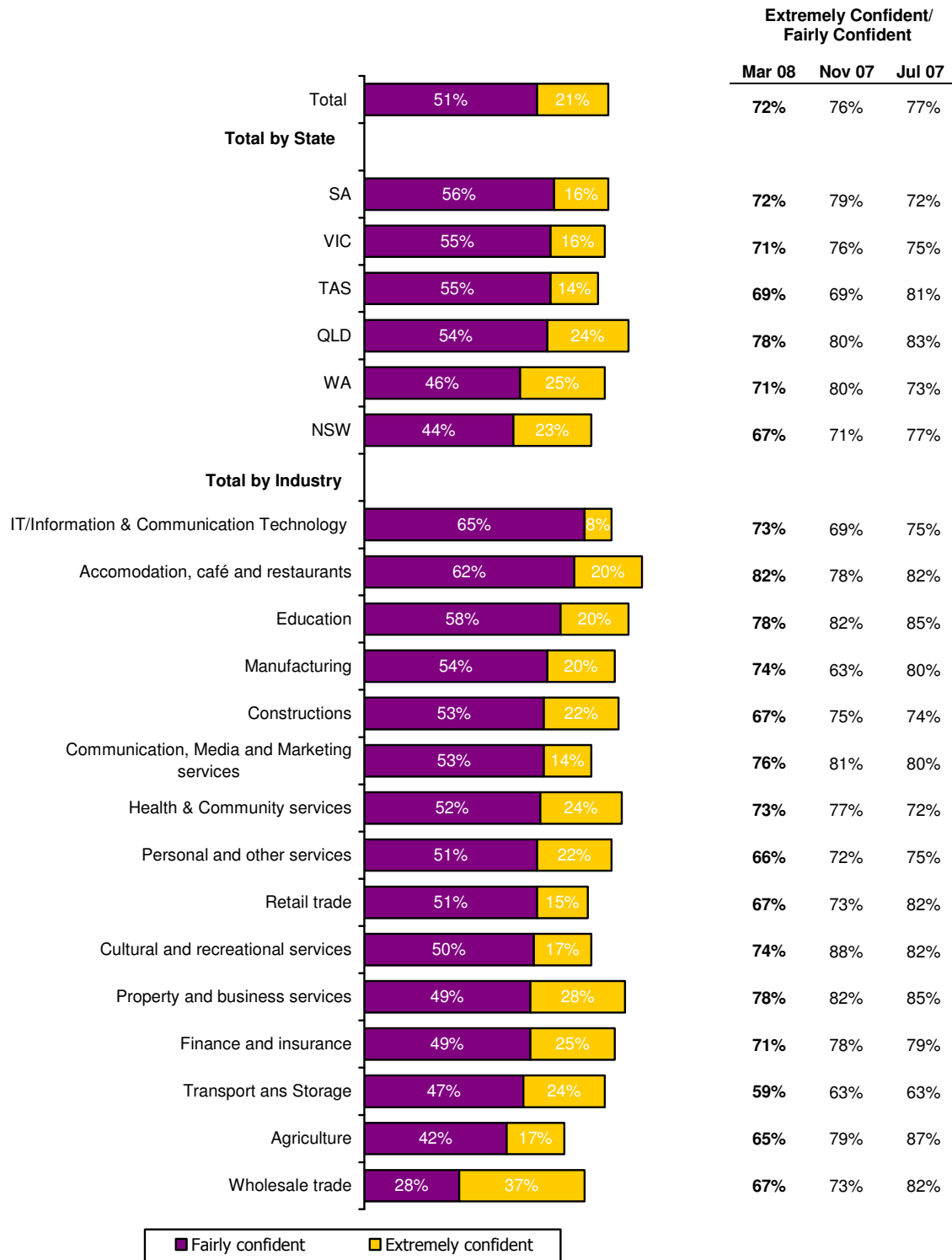
AMR Interactive, March 2008

Overall, small business owners perceive their companies to be performing well, with an overall 61% of small business owners indicating they are performing quite well, and a further 15% indicating they are performing very well. Only 20% reported that they believed their business was not performing very well, and only 4% reported it was currently performing not at all well.

Confidence in future business prospects

Small business owners are confident in future business prospects

Figure 2: Confidence in business prospects over the next 12 months (%)



Base: Online small business owners (n=1436)

Q2: Thinking about the next twelve months, how confident do you feel about the prospects for your own business?

AMR Interactive, March 2008

Just over half of small business owners surveyed (51%) are confident about their business prospects over the next 12 months, with a further 21% indicating that they are extremely confident. While this does reflect the trend from previous quarters of high levels of overall confidence (76% in November and 77% in July), it must be noted that the current quarter has had a slight decline (4%-5%).

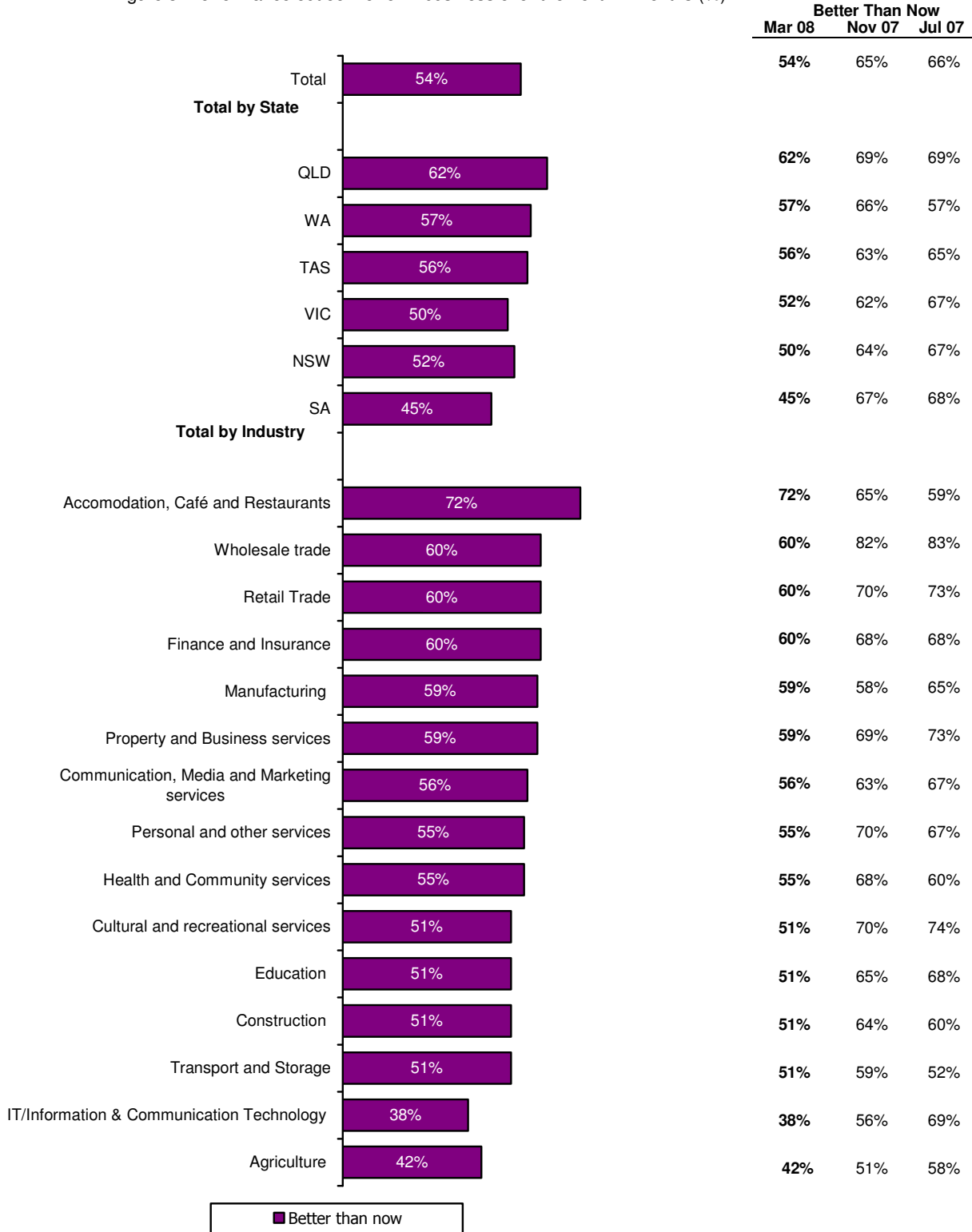
By industry, the Accommodation, Café and Restaurant sector (82%) appears most confident, followed by Education (78%) and Property and Business Services (77%).

Those small businesses in the Agriculture sector (59%) show the least confidence in their business prospects over the next 12 months, followed by Wholesale trade (65%) which displays a 14% decline from last quarter (79% in November).

Perceptions of own business (future)

Just over half of small business owners believe that the performance outlook for their business will be better than now

Figure 3: Performance outlook for own business over the next 12 months (%)



Base: Online small business owners (n=1436)

Q3: Now thinking about the performance outlook for your own business over the next 12 months, do you think your business will perform...better than now, worse than now, no change, don't know?

AMR Interactive, March 2008

Overall, 54% of small business owners expect their business performance to be better in 12 months time. A total of 32% expect no change, and 6% expect their business performance to be worse in 12 months time. Similar to the levels of confidence in future business prospects, a slight decline in optimistic outlooks has been noted in this quarter (from 65% in November and 67% in July 2007).

The highest levels of optimism for future business performance were found in the Accommodation, Café and Restaurant sector (72%), this is followed by Wholesale Trade, Finance and Insurance and Retail Trade all on 60%.

Small businesses from the IT/Information and Communication Technology (38%) and Agriculture (42%) industries are less optimistic about their business performance over the next 12 months. In fact, the IT/Information and Communication Technology sector went from 56% in November and 69% in July 2007, to the current 38% (decline of 18% since November), while Agriculture experienced a 9% decline since November.

Other industries have also experience a noticeable decline in levels of optimism concerning future business performance, with Health and Community Services dropping from 68% in November, to the current 55% (13% decline), a 15% decline in Personal and other services (from 70% in November to current 55%) and 22% decline in the Wholesale trade sector (from 82% in November to current 60%).

Factors underpinning expectations for business performance

Organic industry growth and favourable consumer trends are the main reasons for positive expectations

Table 1: Factors underpinning small businesses' expectations for future business performance (%)

| Factor | Expectation for Future Business Performance | | |
|--|---|--------------------------|----------------------|
| | Better than now (n=782) | Worse than now (n=94) | No Change (n=458) |
| Current tax levels | 3% | 2% | 6% |
| Future proposed tax changes - going up | 1% | 1% | 3% |
| Future proposed tax changes - going down | 1% | 0% | 0% |
| Petrol prices too high | 5% | 4% | 15% |
| Petrol prices forecast reduction | 1% | 0% | 0% |
| Employment market favourable for employers | 3% | 0% | 1% |
| Lack of available trained workers to draw on | 6% | 2% | 5% |
| Increase in Government investment in my industry | 4% | 0% | 0% |
| Decrease in Government investment in my industry | 0% | 1% | 2% |
| Increase in competitive activity | 11% | 3% | 9% |
| Decrease in competitive activity | 6% | 0% | 1% |
| Organic growth of my industry is increasing | 22% | 0% | 3% |
| Decline in growth rate of my industry | 1% | 3% | 6% |
| Consumer/end user trends changing favourably | 28% | 0% | 2% |
| Consumer/end user trends changing unfavourably | 1% | 2% | 7% |
| Drought/weather impact | 0% | 0% | 0% |
| Other | | | |

Base: Those who responded 'Better than now', 'worse than now' or 'No change' to Q3 (n=1341)

Q4: You mentioned that you expect your business to be... 'Better than now', 'Worse than now' OR 'Have no change' over the next 12 months, what are the factors underpinning your expectation? (Multiple choices)

AMR Interactive, March 2008

The two leading reasons for small business owners to believe their businesses will perform better over the next 12 months are that consumer/end user trends are changing favourably (28%), and also that there is organic growth in the industry they trade in (22%). This is consistent with the two leading reasons provided in the previous quarter.

Expectations for future economic performance

More than half of small business owners believe the Australian economy will perform worse than now in the next 12 months

Figure 4: Performance outlook for the Australian economy over the next 12 months (%)

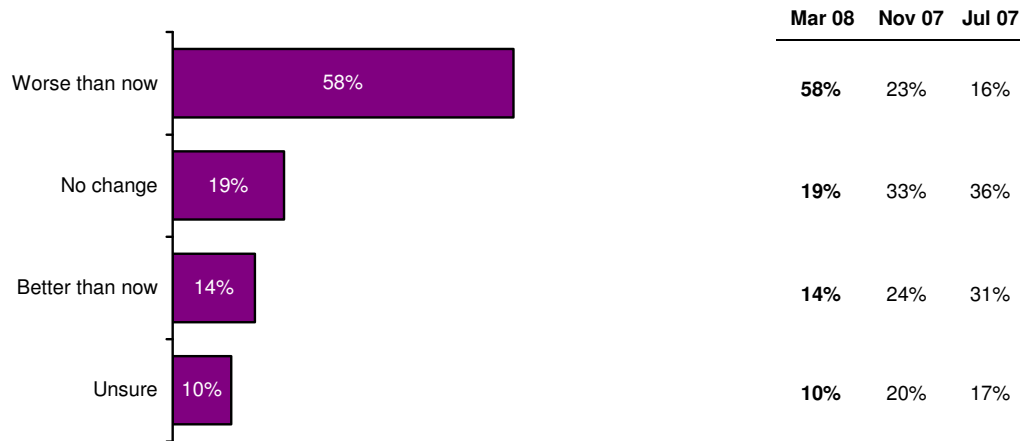


Figure 4.1: Performance outlook for the Australian economy over the next 12 months by State (%)

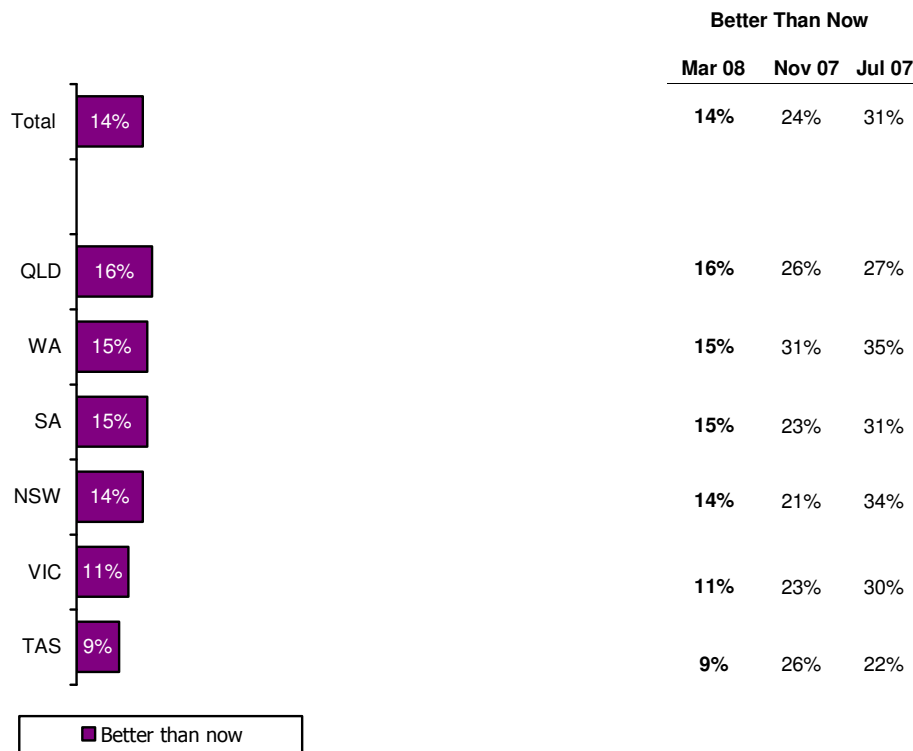
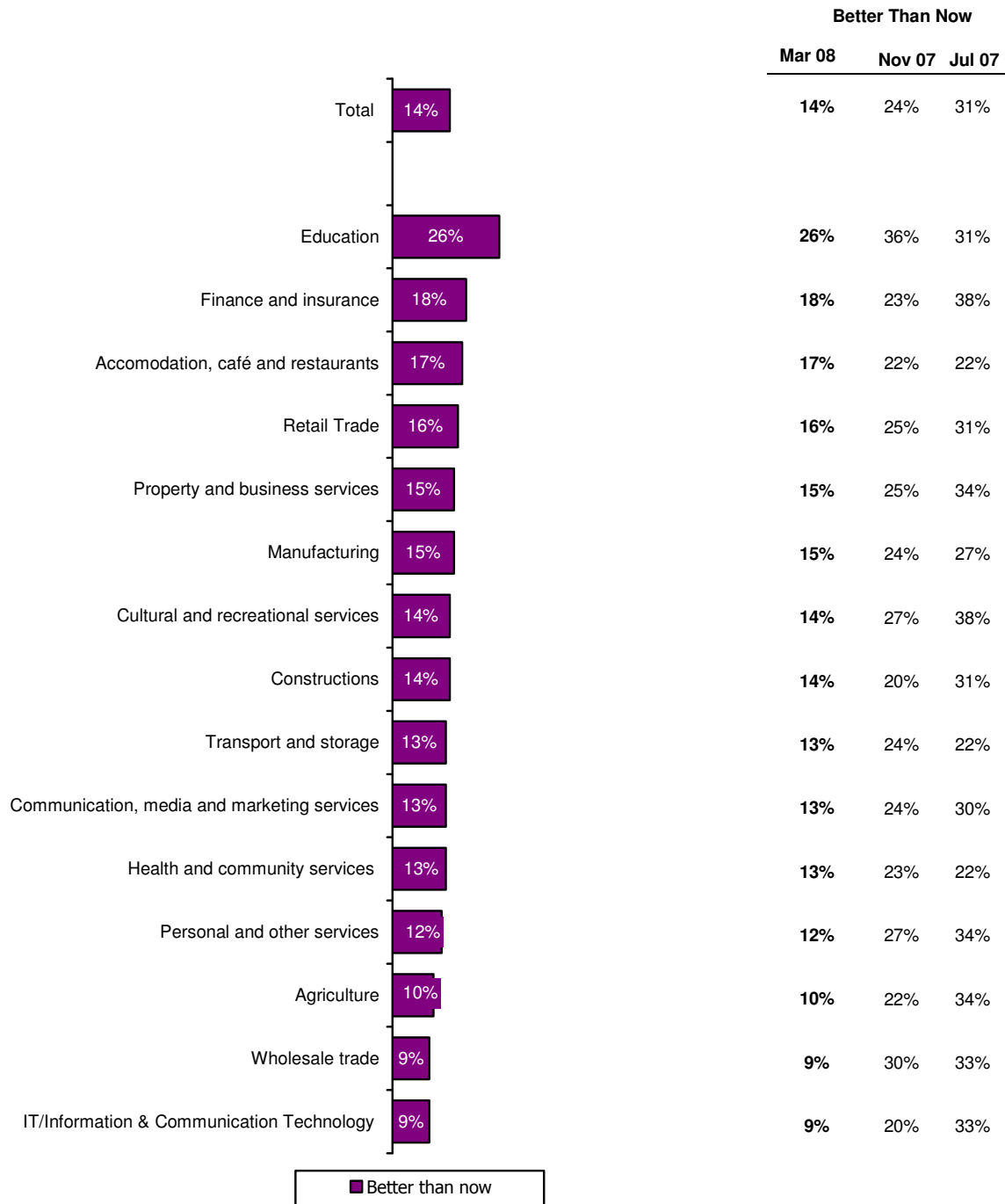


Figure 4.2: Performance outlook for the Australian economy over the next 12 months by industry (%)



Base: Online small business owners (n=1436)

Q5: Thinking more generally about the condition of the overall Australian economy over the next 12 months time, do you think it will perform... better than now, worse than now, no change, don't know?

AMR Interactive, March 2008

Overall, 58% of small businesses expect the Australian economy to perform worse over the next 12 months. Only 14% of small business owners believe the Australian economy will perform better, in comparison to 24% in November and 31% in July 2007.

By Industry, small businesses from the Education sector (26%) were most likely to have an optimistic outlook for Australia's economic performance. This is consistent with results from previous quarters (although a 10% decline is noted).

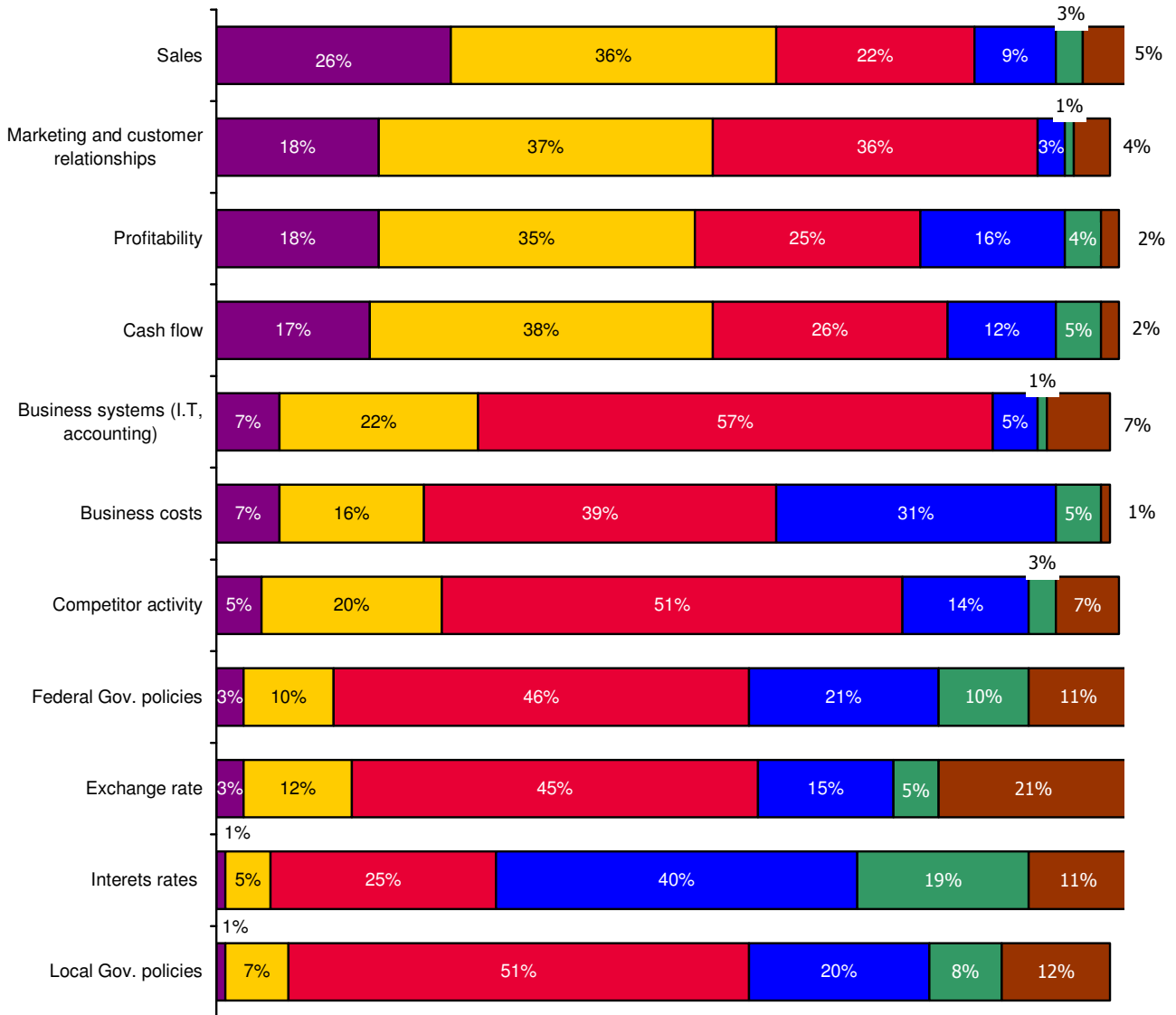
There was a consistent decline in all industry sectors (with the exception of Education) on average of 12%. The highest decline being in the Wholesale trade sector, which dropped from 30% in November to 9% (21% decline), and Personal and other services, which dropped from 27% in November to 12% (15% decline).

It is also interesting to note that although 54% of small business owners reported having a positive outlook for the performance of their business, 54% of those who reported expecting their business to perform 'better than now' over the next 12 months, reported that they expect the overall Australian economy to perform 'worse than now'.

Outlook for specific business issues

Small business owners have a positive outlook for sales, profitability and cash flow

Figure 5: Outlook for specific business issues (%)



■ Very positive outlook
 ■ Somewhat positive outlook
 ■ Neutral
 ■ Somewhat negative outlook
 ■ Very negative outlook
 ■ N/A

Base: Online Small Business owners (n=1436)

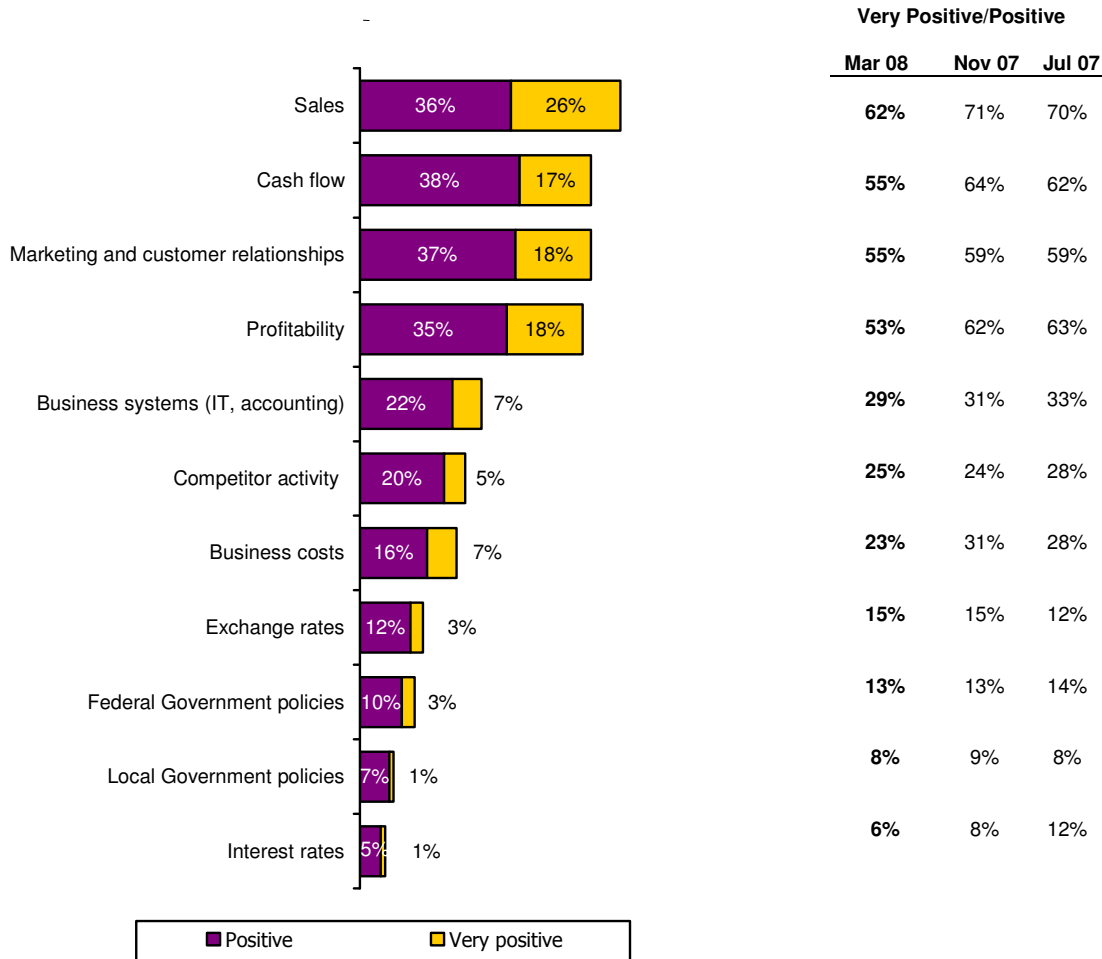
Q6: Listed below are a number of issues that your business will deal with over the next 12 months. Thinking only about your own business, please indicate your outlook for each of these issues, where 1 = very negative outlook, 2 = somewhat negative outlook, 3 = neutral, 4 = somewhat positive outlook and 5 = very positive outlook. (If this is not applicable to your business, select 6)

AMR Interactive, March 2008

Outlook for specific business issues (positive)

Small business owners have a positive outlook for sales

Figure 6: Small businesses with positive outlook on specific issues (%)



Base: Online Small Business owners (n=1436)

Q6: Listed below are a number of issues that your business will deal with over the next 12 months. Thinking only about your own business, please indicate your outlook for each of these issues, where 1 = very negative outlook, 2 = somewhat negative outlook, 3 = neutral, 4 = somewhat positive outlook and 5 = very positive outlook. (If this is not applicable to your business, select 6)

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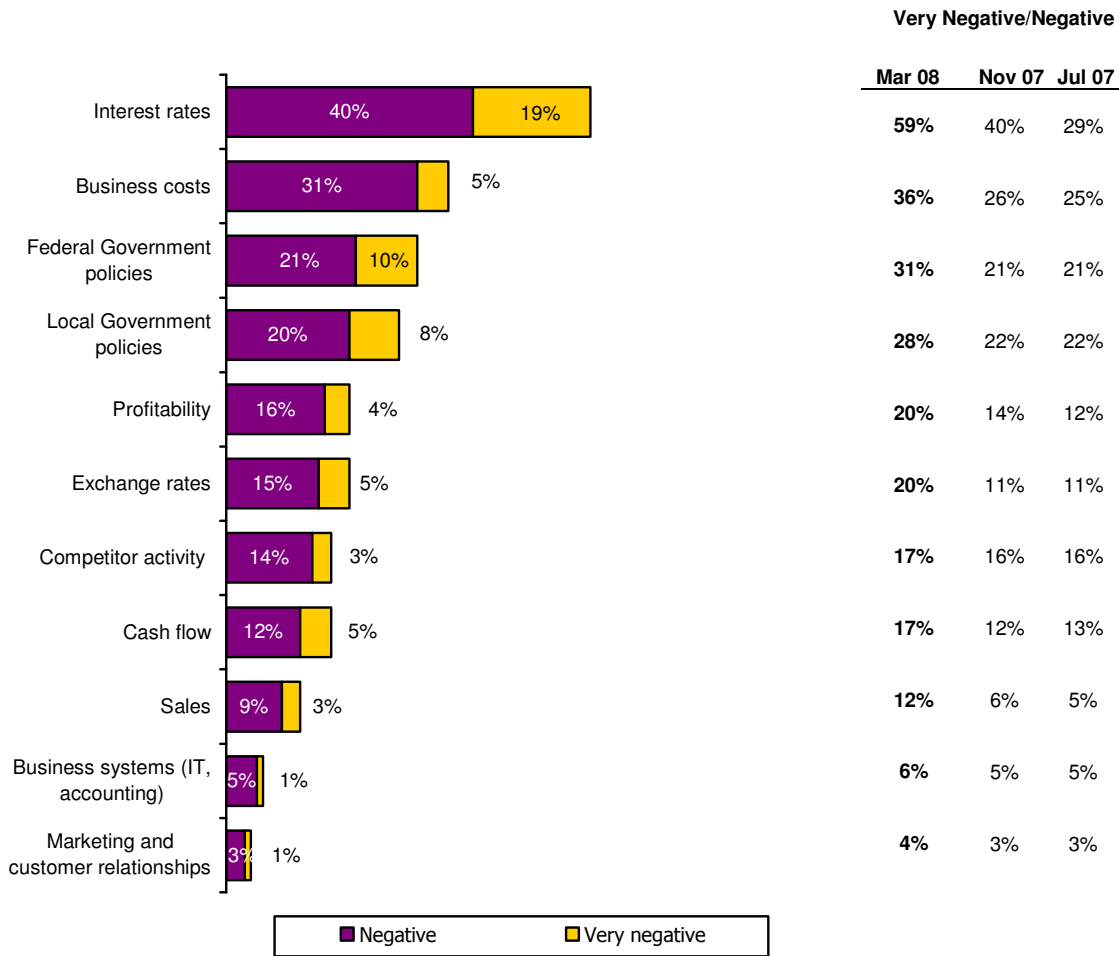
Small business owners were asked to rate their outlook for specific business issues (eg: sales, cash flow, business costs, etc) over the next 12 months which resulted in the outlook for sales (62%) continuing to be rated most positively by small business owners, this is followed by cash flow (55%) and marketing and customer relationships (also 55%).

While there were a number of small declines noted from the previous quarter, such as sales (9% decline), cash flow (9% decline), profitability (9% decline) and business costs (8%), overall, there have been minimal changes in other issues since November or July 2007.

Outlook for specific business issues (negative)

Increase in small business owners concerned about interest rates

Figure 7: Small businesses with negative outlook on specific issues (%)



Base: Online Small Business owners (n=1436)

Q6: Listed below are a number of issues that your business will deal with over the next 12 months. Thinking only about your own business, please indicate your outlook for each of these issues, where 1 = very negative outlook, 2 = somewhat negative outlook, 3 = neutral, 4 = somewhat positive outlook and 5 = very positive outlook. (If this is not applicable to your business select 6)

AMR Interactive, March 2008

Interest rates continue to be the main concern for small businesses. Three in five (59%) small business owners indicated a negative outlook for interest rates over the next 12 months, which is a significant increase since the previous quarters (40% in November and 29% in July).

Interest rates are followed at a distance by business costs (36%), Federal Government policies (30%) and Local Government policies (28%), all of which have displayed an increase in concern from previous quarters.

Outlook for business revenue

58% of small businesses expect their revenue to increase

Figure 8: Outlook for own business revenue in the next 12 months (%)

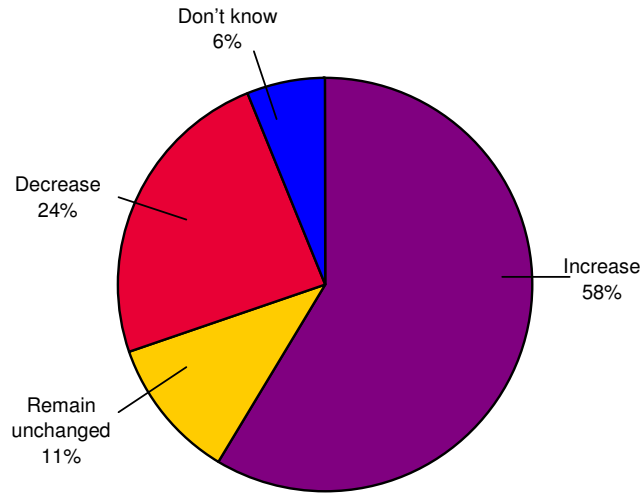


Figure 8.1: Outlook ('increase') for own business revenue in the next 12 months by State (%)

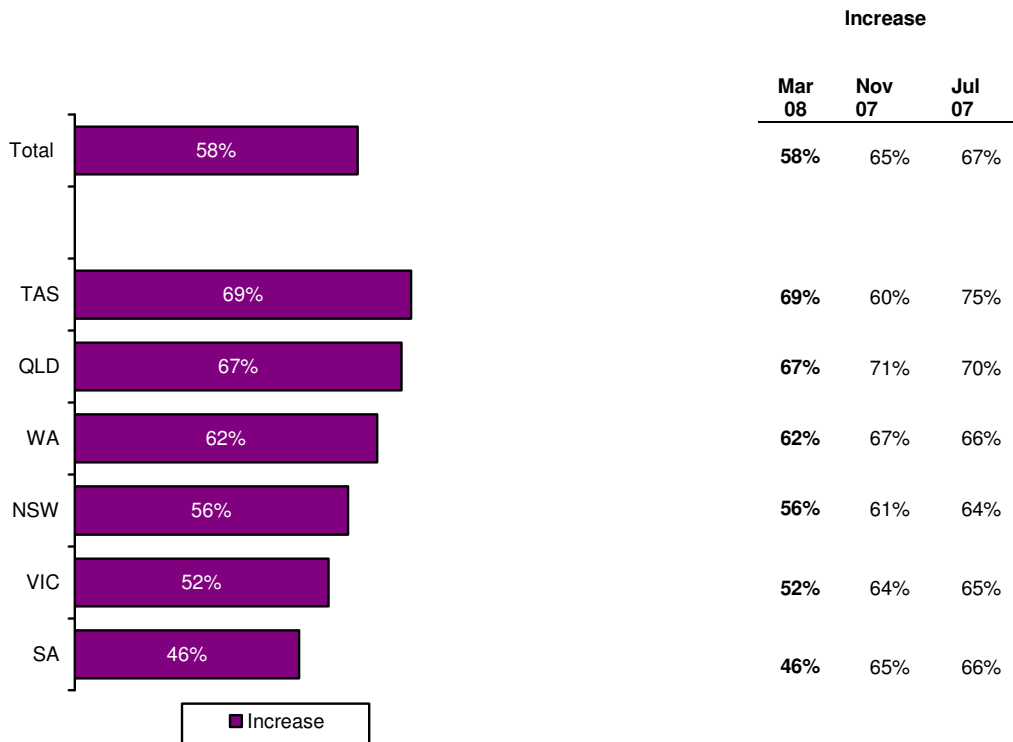
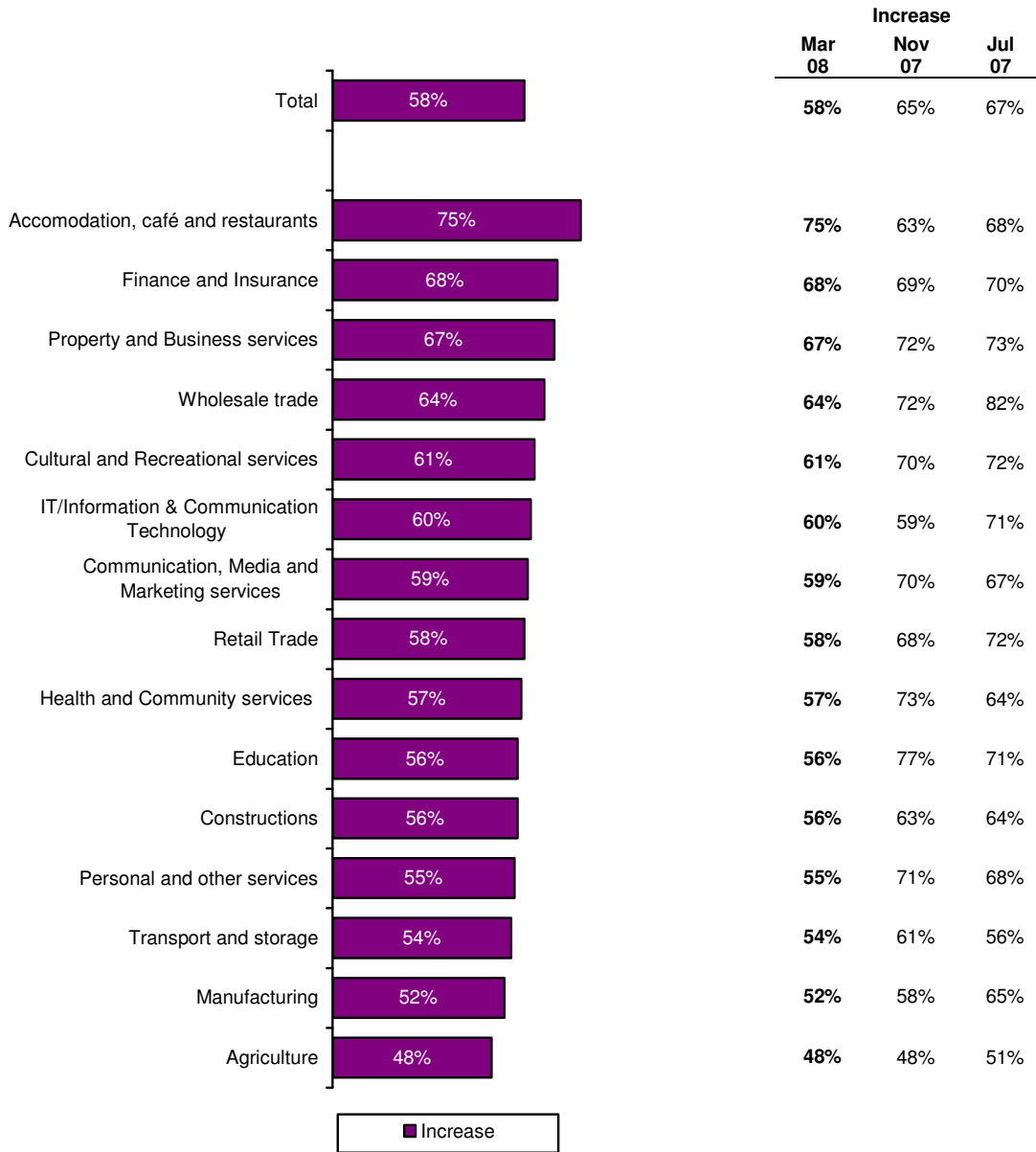


Figure 8.2: Outlook ('increase') for own business revenue in the next 12 months by industry (%)



Base: Online small business owners (n=1436)

Q7a: Do you expect your business revenue to increase, decrease or remain unchanged in the next 12 months?

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Overall, three in five (58%) small business owners expect their business revenue to increase over the next 12 months, which is a 7% decline from November 2007 (65%). The number of small business owners who expect their business revenue to decrease has risen from 7% in November, to the current level of 24% (17% increase).

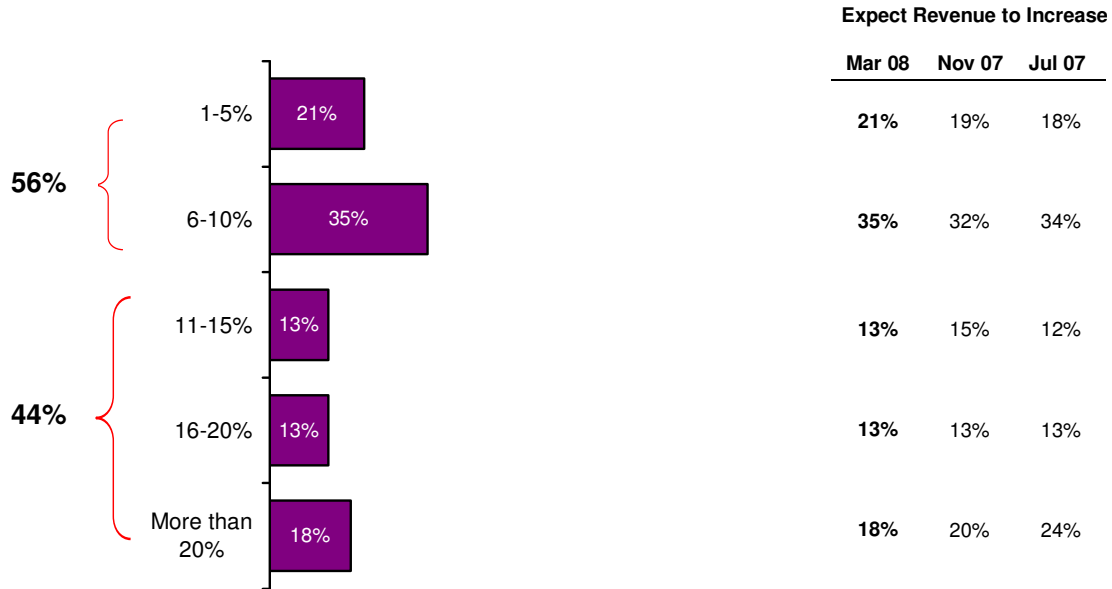
By Industry, small businesses from the Accommodation, Café and Restaurants sector (75%) were most likely to forecast an increase in their business revenue. This is in reverse of the previous trend, which found a continuous decrease in this sector's expectation that their revenue would increase (63% in November and 68% in July 2007).

The Agriculture sector (48%) reported the lowest levels of expecting business revenue to increase over the next 12 months, followed by Manufacturing (52%).

Expectations for increases in business revenue

44% of small businesses expect their revenue to increase by more than 10%

Figure 9: Percentage of increases in own business revenue in the next 12 months (%)



Base: Online small business owners that expect their revenue to increase in the next 12 months (n=828)
 Q7b: How much do you expect your revenue to increase in the next 12 months?

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Of those small business owners who reported expecting an increase in business revenue, 44% expect their revenue to increase by more than 10%, with 18% of these reporting expectations for more than a 20% revenue increase.

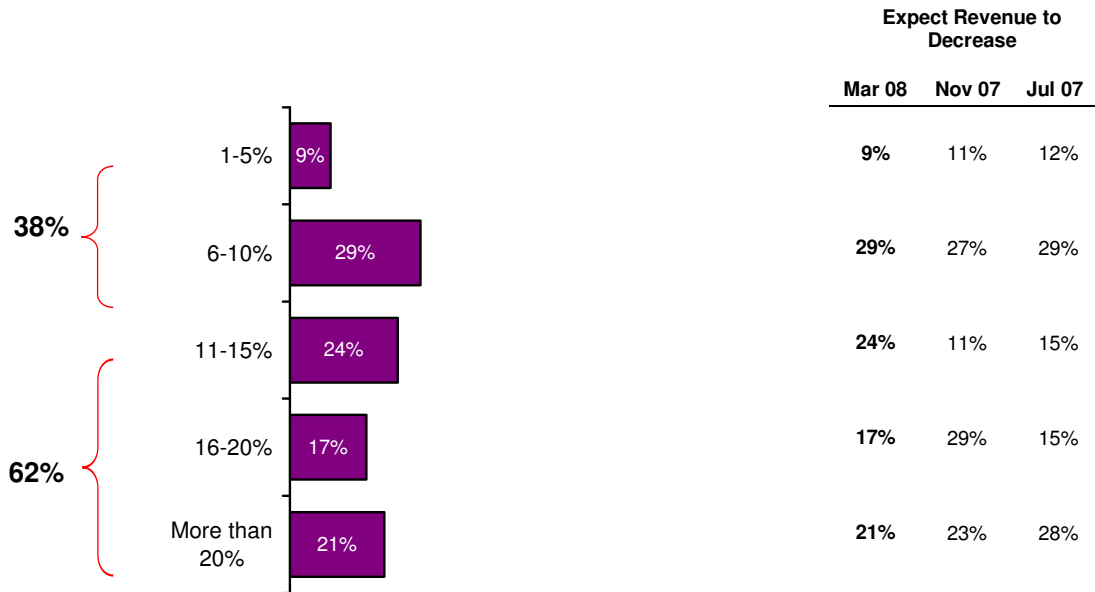
56% of small business owners expect their revenue to increase by less than 10%, with 35% of them expecting a 6-10% increase.

These results are relatively consistent with the results from the last two quarters.

Expectations for decreases in business revenue

24% of small business owners expect their decrease in revenue to be above 10%

Figure 10: Percentage of decreases in own business revenue in the next 12 months (%)



Base: Online small businesses that expect their revenue to decrease in the next 12 months (n=174)
 Q7c: How much do you expect your revenue to decrease in the next 12 months?

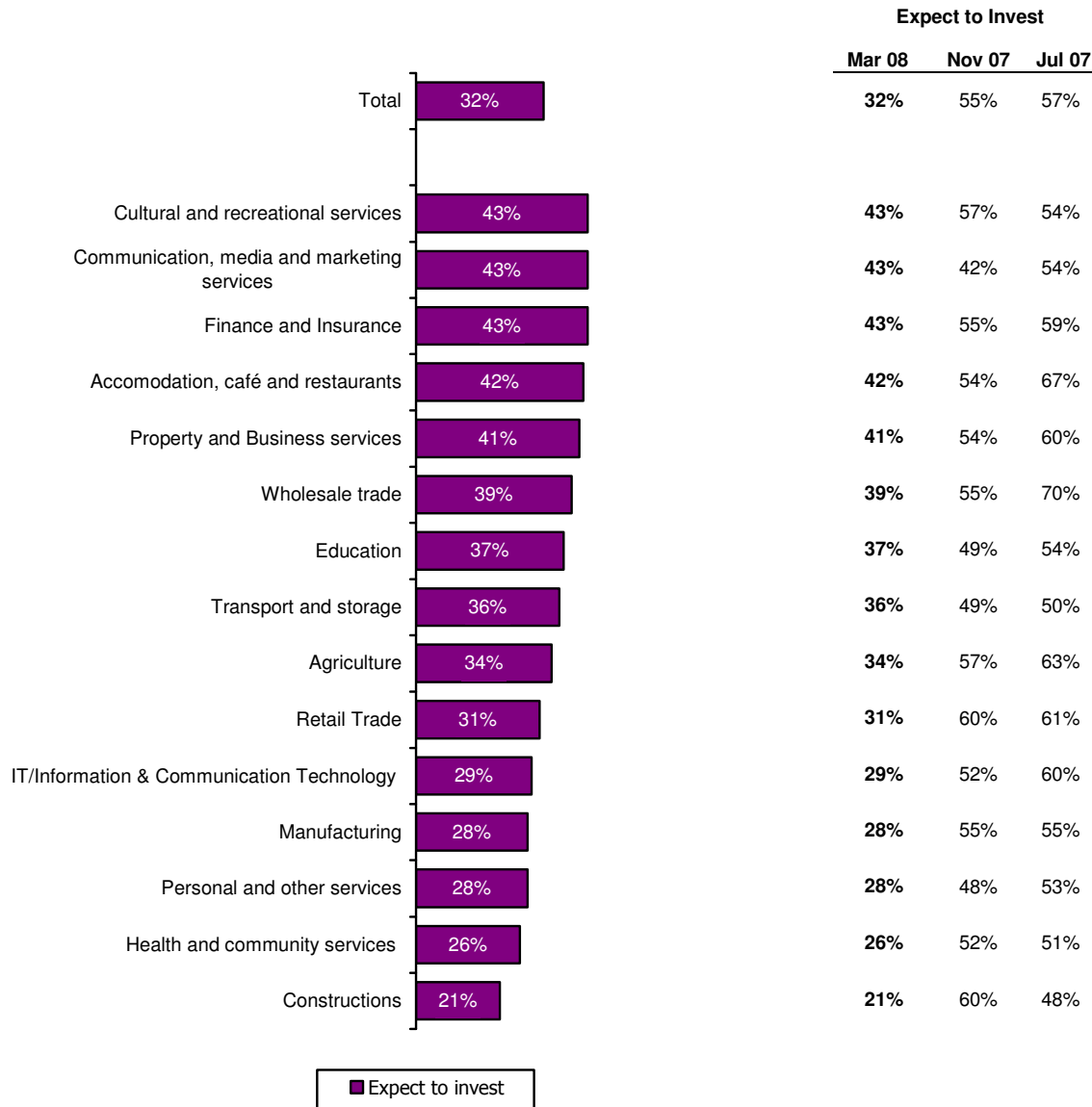
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Of the 24% of small business owners who reported expecting a decline in business revenue over the next 12 months, 62% reported expecting a decrease of over 10%.

Expectation of investing in own business

One-third of small business owners expect to invest in their business within the next 6 months

Figure 11: Expectation of investing in own business in the next 6 months (%)



Base: Online small business owners (n=1436)

Q8a: Within the next 6 months, do you expect to invest money in order to help your business grow?

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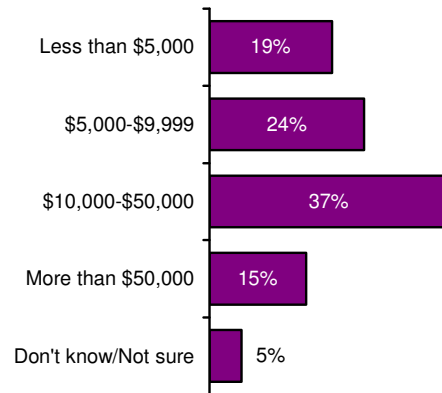
Overall, there has been a decline in the number of small business owners who expect to invest in their business over the next 6 months, with the results of 55% and 57% from November and July 2007 respectively, falling to the current quarter's results of 32% (23% decline from November).

Of those who do intend to invest, businesses in the Communication, Media and Marketing sector, the Cultural and Recreational services sector, and the Finance and Insurance sector (all 43%) are most likely to invest over the next 6 months.

Expected amount of investment in own businesses

Majority of small business owners who expect to invest, expect the amount invested to be under \$50,000

Figure 12: Expected amount of investment in small business (%)



Base: Small business owners who intend on investing money in their business (n=494)

Q8b: Approximately how much do you expect to invest in the next 6 months to help grow your business?

AMR Interactive, March 2008

Of those small business owners who do plan to invest funds in their business over the next 6 months (32%), 80% report that the amount they intend to invest will be \$50,000 and under. 37% of these small business owners report that this figure will in fact be between \$10,000 and \$50,000.

Intention of employing or reducing staff

20% of small businesses intend to hire more employees

Figure 13: Expectation of hiring or reducing employees within the next 12 months (%)

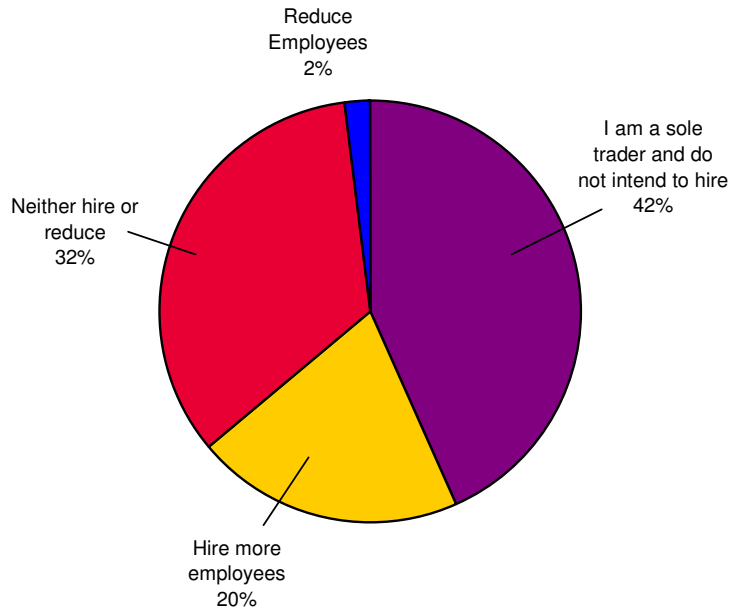


Figure 13.1: Expectation of hiring employees within the next 12 months by business type (%)

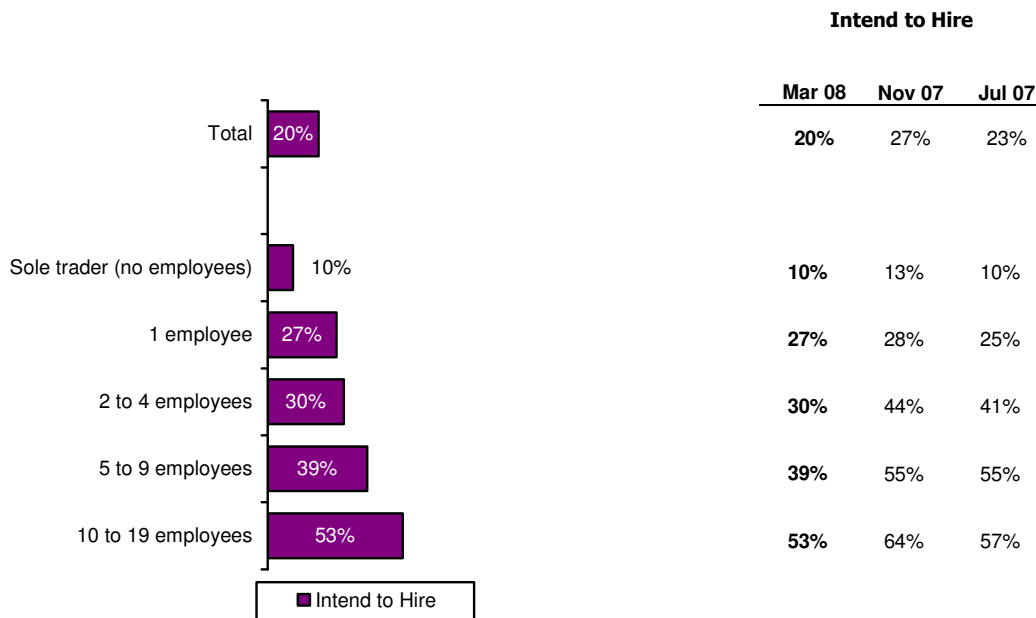
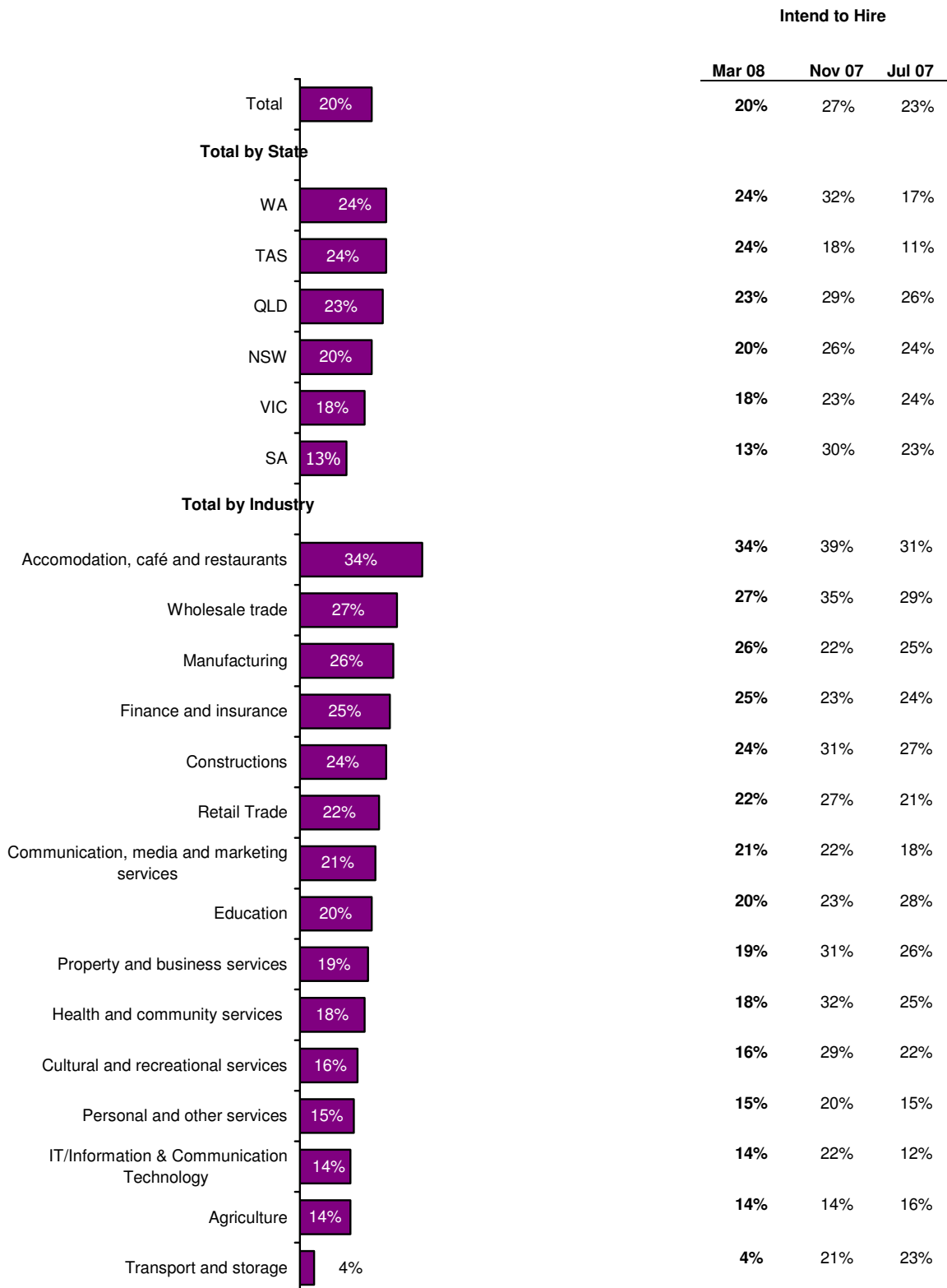


Figure 13.2: Expectation of hiring employees within the next 12 months by State and industry (%)



Base: Online small business owners (n=1436)

Q9: Do you intend to hire or reduce employees within the next 12 months?

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One fifth (20%) of small business owners indicated that they intend to hire more employees over the next 12 months. While the level of those who intend to reduce staff remained consistent with the previous quarter (2%), there is was an increase noted in the number of small businesses who intend to neither hire or reduce employee numbers (from 26% in November to current 42%)

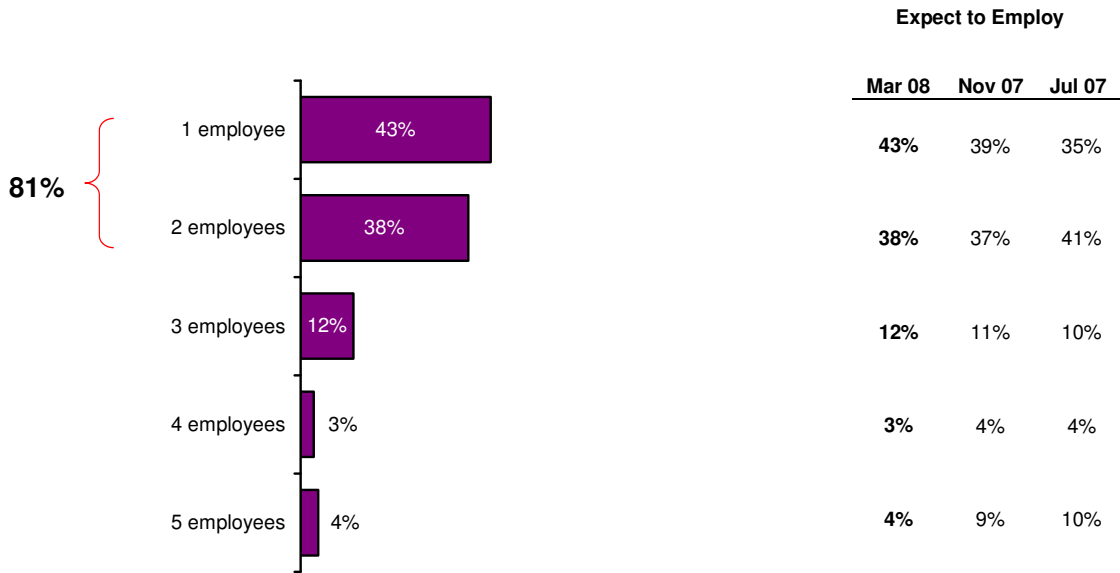
By industry, similar to last quarter, the Accommodation, Café and Restaurants sector (34%) was most likely to employ more staff. This was followed by Wholesale trade (27%), Manufacturing (26%) and Finance and Insurance (25%).

Larger companies (10-19 employees) are more likely to employ more staff (53%) than smaller businesses, which is a consistent trend from previous quarters.

Expectations for employment

Most small businesses intend to hire two employees or less

Figure 14: Number of employees intended to hire over the next 12 months (%)



Base: Online small business owners that expect to hire more employees in the next 12 months (n=319)
 Q10: How many employees do you intend to hire in the next 12 months?

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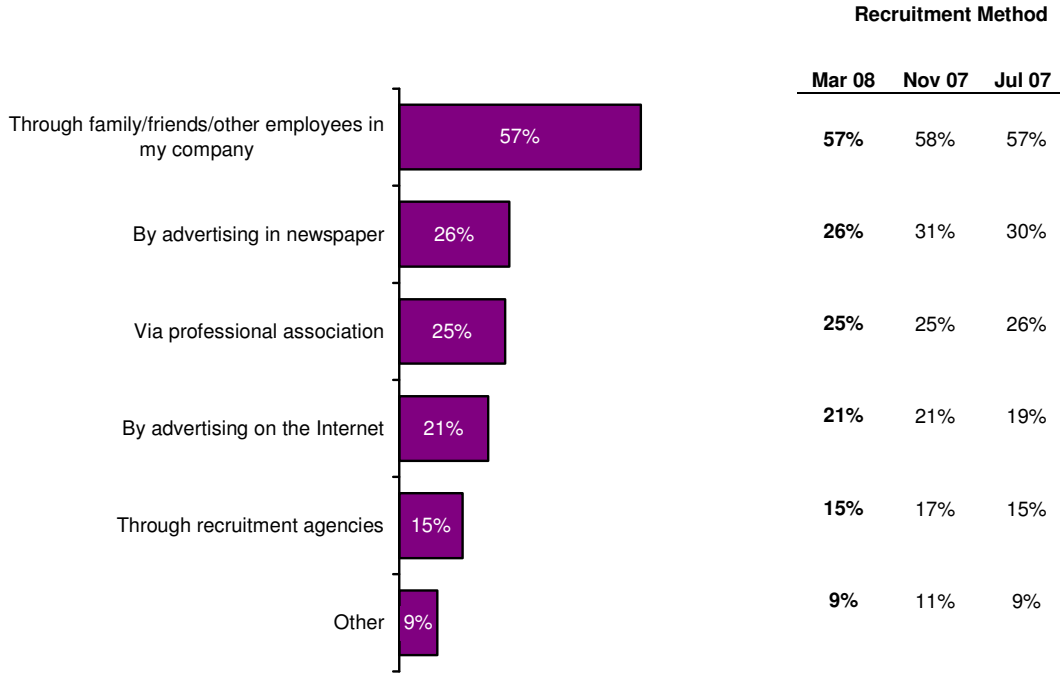
Of the small businesses that expect to employ within the next 12 months, 81% intended to employ one or two employees.

Very few (7%) small businesses intended to hire 4 or more staff members in the next 12 months.

Preferred method of recruitment

Over half of small businesses recruit by word of mouth

Figure 15: Method of seeking employees (%)



Base: Online small businesses that have one or more employees (n=942)
 Q12: How do you find your employees? (Multiple responses)

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More than half (57%) of small businesses surveyed (with one or more employees) are likely to recruit through family, friends or other employees in their company. This is consistent with the last 2 quarters (November and July 2007).

This was followed by advertising in newspapers at 26%, and via professional association at 25%.

Type of employees

Small business workforces consist mainly of full-time permanent employees

Table 2: Type of employees of small businesses (%)

| Type of employees | Percentage of employees | | | | | | | | | |
|---------------------|-------------------------|--------|--------|--------|---------|---------|--------|---------------|--------|--------|
| | 0% | | | 1%-33% | 34%-66% | 67%-99% | 100% | Total 1%-100% | | |
| | Mar 08 | Nov 07 | Jul 07 | Mar 08 | Mar 08 | Mar 08 | Mar 08 | Mar 08 | Nov 07 | Jul 07 |
| Full-time permanent | 59% | 28% | 30% | 4% | 7% | 8% | 20% | 39% | 68% | 66% |
| Part-time permanent | 83% | 70% | 70% | 7% | 3% | 0% | 4% | 14% | 28% | 27% |
| Contract | 89% | 77% | 77% | 4% | 1% | 0% | 2% | 7% | 22% | 21% |
| Casual | 83% | 66% | 69% | 6% | 4% | 1% | 5% | 14% | 31% | 30% |
| Other | 84% | 93% | 93% | 0% | 6% | 12% | 4% | 16% | 5% | 6% |

Base: Online small business owners (1436)

Q: What percentage of your employees are...full-time permanent, part-time permanent, contract, casual?

AMR Interactive, March 2008

Consistent with previous quarters, when compared with other forms of employment the small business workforce consists mainly of full time employees (39%), however this number has decreased from previous quarters (68% in November and 66% in July).

Typical work hours

Half of small business owners work over 40 hours per week

Figure 16: Typical work hours of small business owner/manager (%)

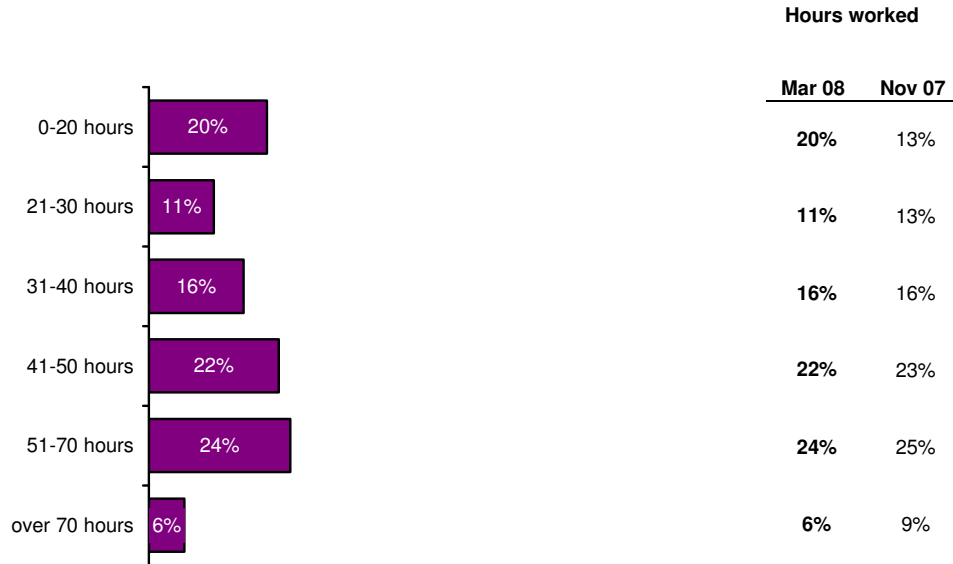


Figure 16.1: Typical work hours (over 30 hours/week) of small business owner/manager by State (%)

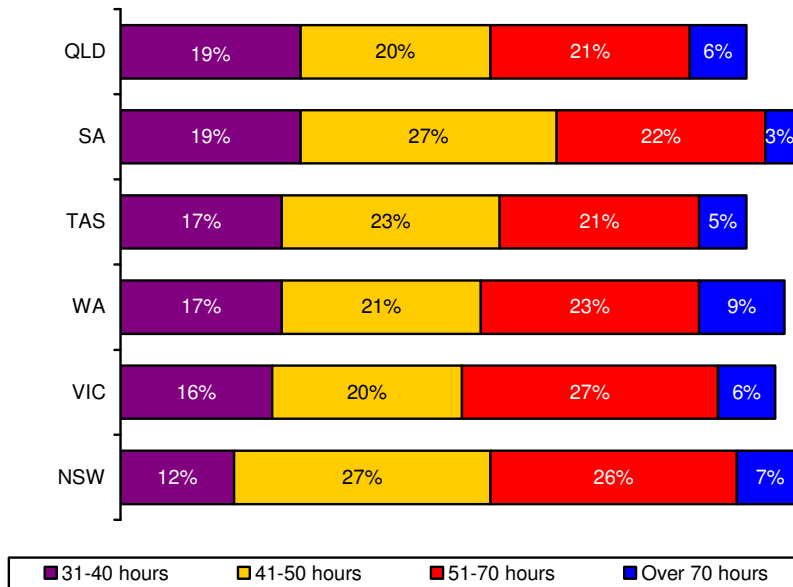


Figure 16.2: Typical work hours (over 30 hours/week) of small business owner/manager by industry (%)

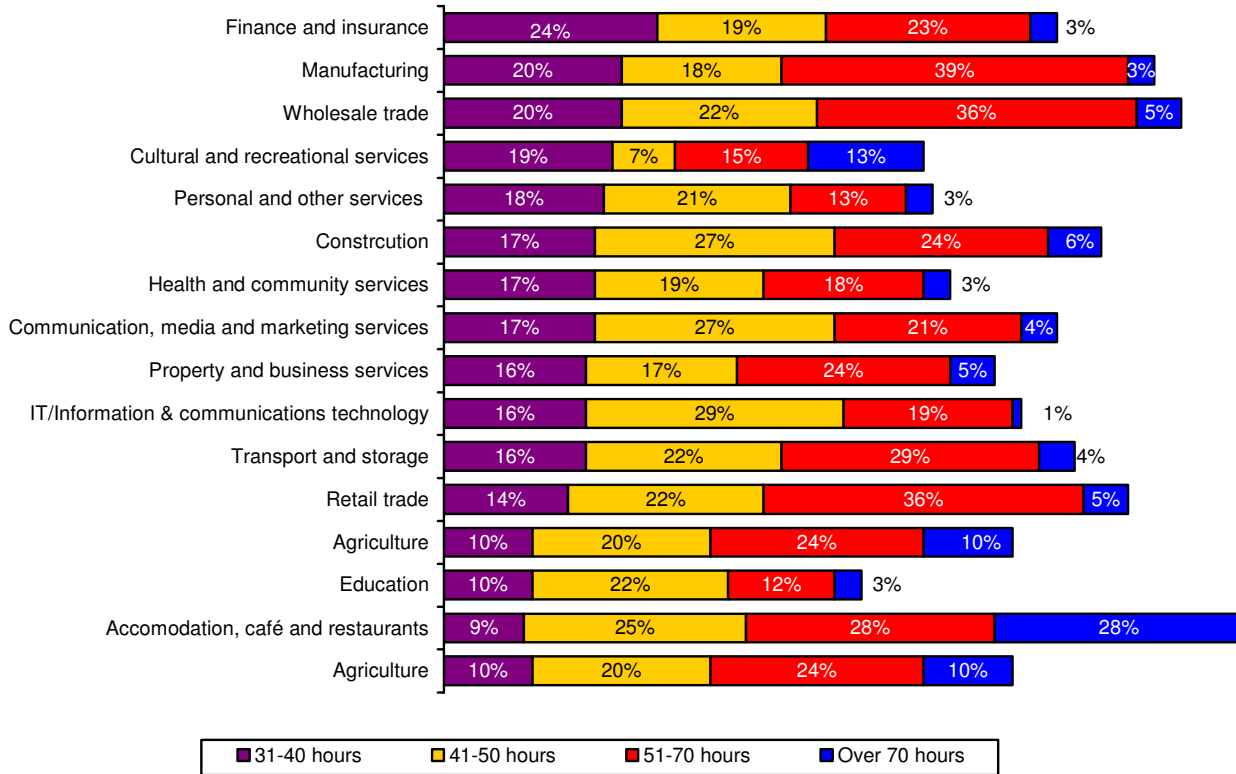


Table 3: Total number of hours worked per week by gender (%)

| Hours worked each week | Total | | Gender | | | |
|------------------------|--------|--------|--------|--------|--------|--------|
| | | | Female | | Male | |
| | Mar 08 | Nov 07 | Mar 08 | Nov 07 | Mar 08 | Nov 07 |
| 0-40 hours | 47% | 42% | 56% | 53% | 38% | 38% |
| 41-50 hours | 22% | 23% | 20% | 19% | 24% | 24% |
| 51-70 hours | 24% | 25% | 17% | 19% | 30% | 29% |
| Over 70 hours | 6% | 9% | 6% | 8% | 7% | 9% |
| Unsure | 1% | 1% | 1% | 2% | 1% | 1% |

Base: Online Small Business owners (n=1436)

Q14: Does On average, how many hours do you work per week to run your business?

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Overall, 52% of small business owners work over 40 hours per week, with 46% of these working between 40 and 70 hours per week. These are consistent figures with November 2007, with the exception of a 7% increase in those small business owners who work between 0-20 hours per week (from 13% in November to current 20%).

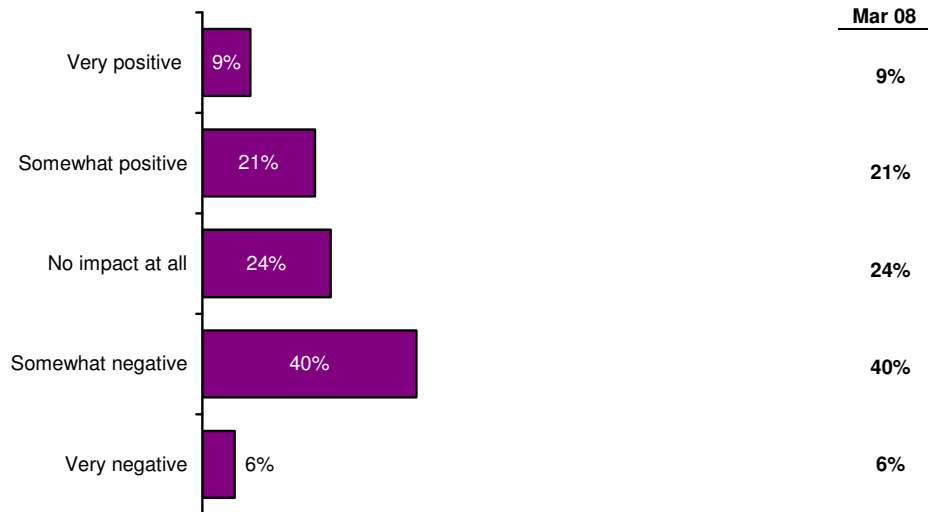
By industry, the Accommodation, Café and Restaurant sector works longer hours than other industries with 28% working between 51-70 hours per week, and 28% working over 70 hours per week.

In regards to gender, there are larger numbers of females who work between 0-40 hours (56%), compared to males (38%). Furthermore, more males (30%) work between 51-70 hours than females (17%). This trend is consistent with the previous quarter.

Impact on work-life balance

40% of small business owners report a somewhat negative impact on work-life balance

Figure 17: Impact running own business has on work-life balance (%)



Base: Online small businesses that have one or more employees (n=1436)
 Q15: How has running your own business affected your work-life balance?

AMR Interactive, March 2008

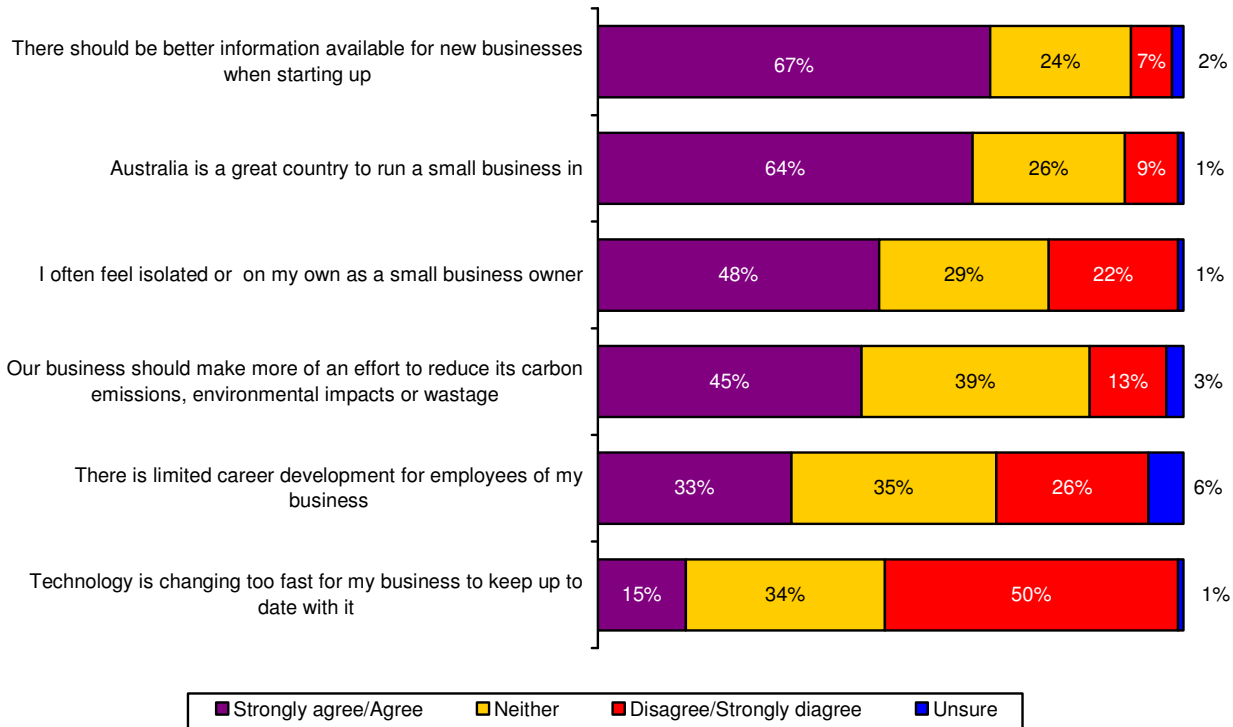
40% of small business owners reported a somewhat negative impact on their work-life balance from running their own business.

Almost equal numbers of small business owners believe it has either had a somewhat positive impact (21%) or no impact at all (24%). Very few reported extreme cases of either very positive (9%) or very negative (6%).

Agreement with general attitudes and opinions

48% of small business owners agree that they often feel isolated as a small business owner

Figure 18: Levels of Agreement with attitude and opinions statements (%)



Base: Online small business owners (n=1436)

Q16: Please indicate how strongly you agree/disagree with each statement....

AMR Interactive, March 2008

Overall, 67% of small business owners agreed or strongly agreed that there should be better information available for new businesses when starting up, with 30% of this strongly agreeing.

A total of 64% of small business owners also agree/strongly agree that Australia is a great country to run a small business in.

Just under half of small business owners agree that they often feel isolated or on their own as a small business owner (48%) and that their business should make more of an effort to reduce its carbon emissions and environmental impact (45%).

Utilisation of business websites

2 out of 5 small businesses have a current website

Figure 19: Current use of business website (%)

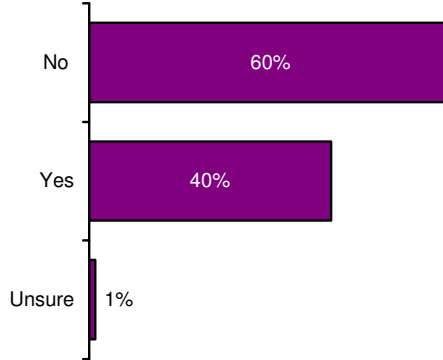
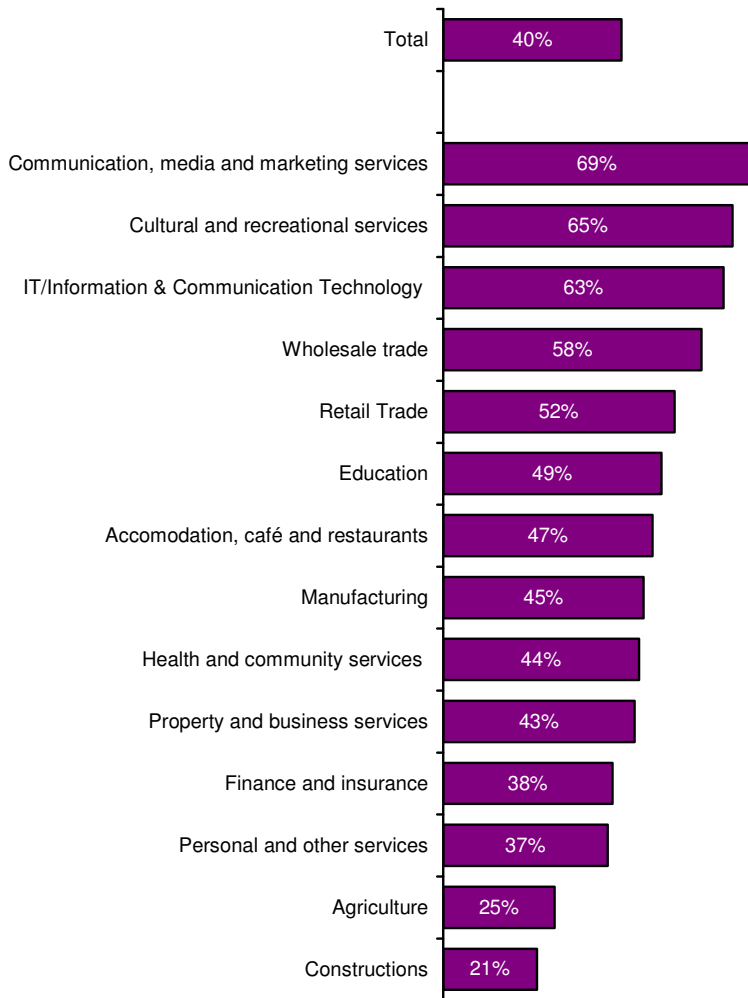


Figure 19.1: Businesses websites utilisation (those respondents who answered 'yes') by industry (%)



Base: Online small businesses that have one or more employees (n=1436)

Q17: Does your business have a website?

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A total of 40% of small businesses currently have a business website, with those in the Communications, Media and Marketing sector (69%) and the Cultural and Recreational services sector (65%) being more likely to have a website.

Online selling

One-third of small businesses that currently have a website sell goods/services online

Figure 20: Businesses who sell good and/or services online (%)

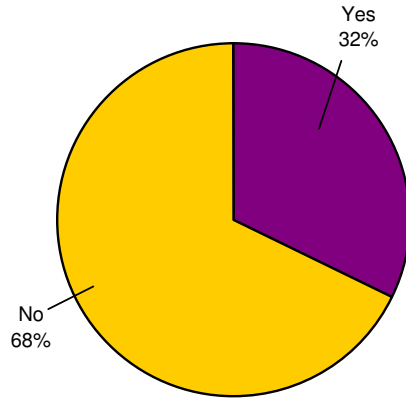
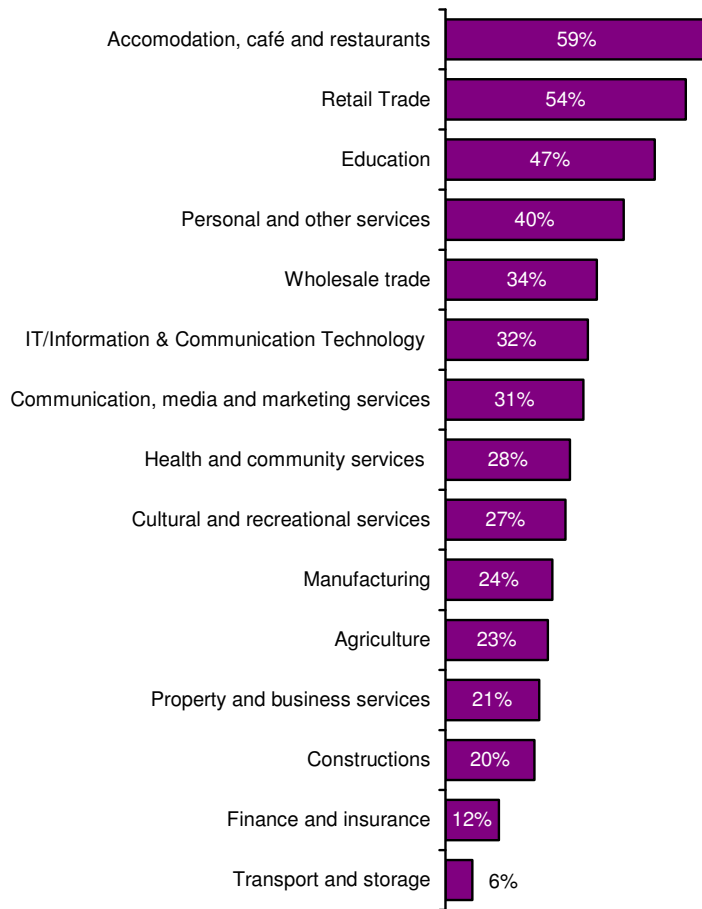


Figure 20.1: Businesses who sell goods or services online by industry (%)



Base: Online small businesses that have a current website (n=657)

Q18: Do you sell goods or services via your business website (e.g. online shopping or e-commerce facility)

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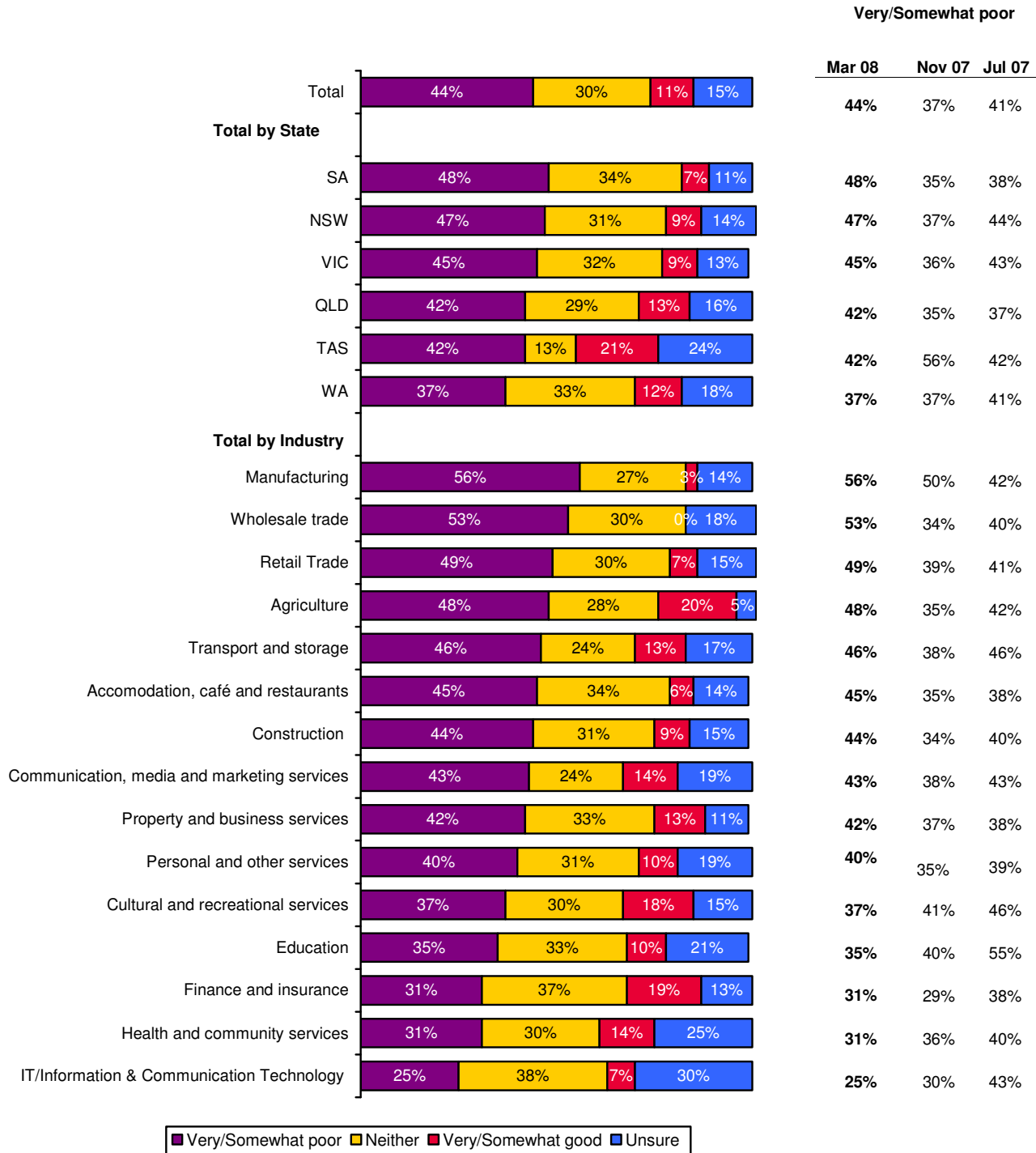
Of those small businesses that currently have a business website (40%), 32% reported selling goods/services online.

By industry, those in the Accommodation, Café and Restaurant sector (59%), the Retail Trade sector (54%) and the Education sector (47%) are more likely to sell goods/services via their website.

Perceptions of Federal Government performance

44% of small business owners believe the Federal Government's contribution to small business development is poor

Figure 21: Federal Government's contribution to the development of small business in Australia (%)



Base: Online small business owners (n=1436)

Q21: How would you rate the Federal Government's current performance in contributing to the development of small business in Australia?

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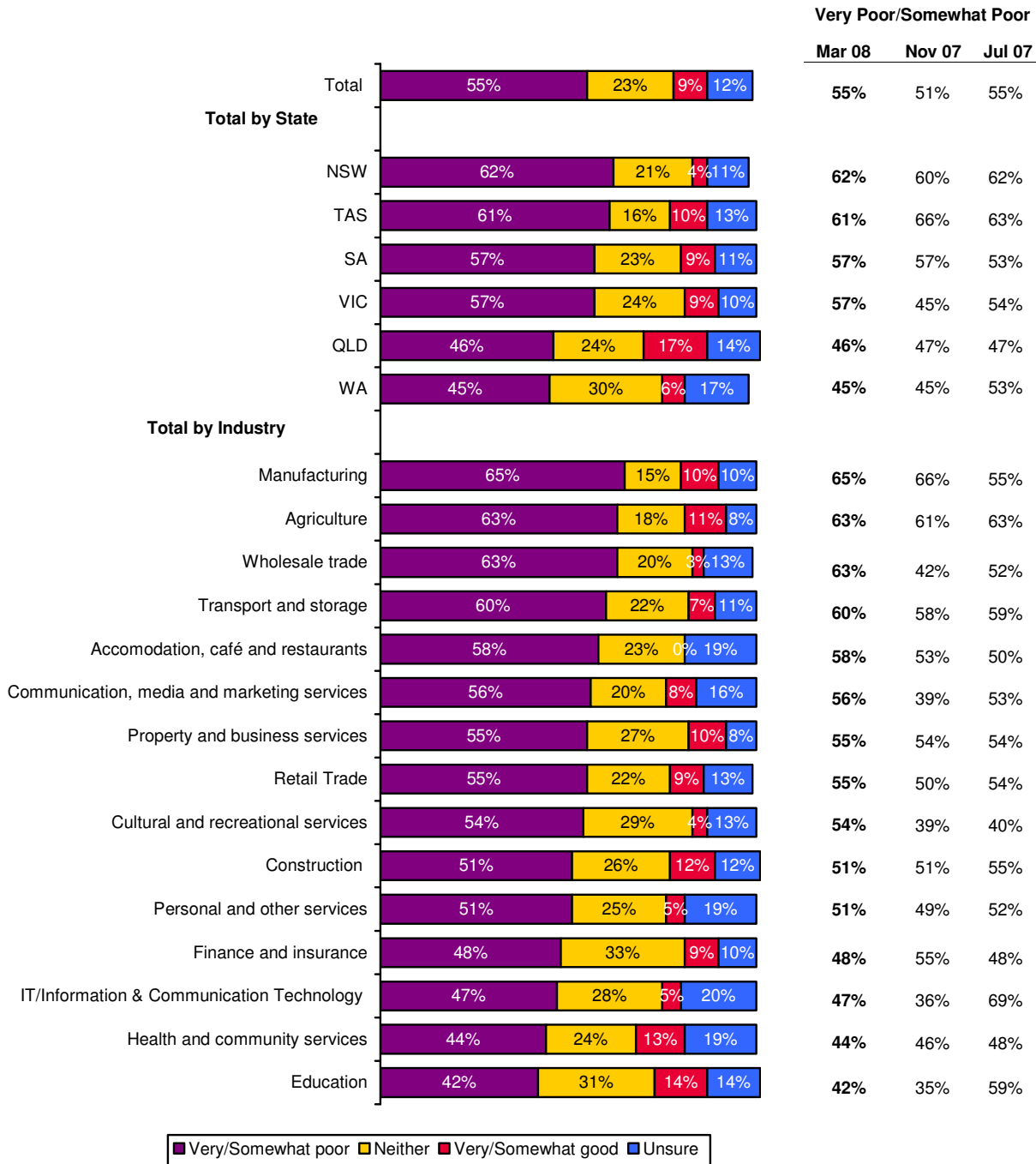
Overall, 44% of small business owners rate the Federal Government's contribution to small businesses as either a somewhat poor or very poor performance (which is 7% higher than November). Only 11% actually report a very or somewhat good performance.

By industry, those in the Manufacturing (56%) and Wholesale trades (53%) are more likely to have negative views.

Perceptions of State Government performance

Negative ratings on the State Government's contribution remain high

Figure 22: State Government's contribution to the development of small business in Australia (%)



Base: Online small business owners (n=1436)

Q22: How would you rate the State Government's current performance in contributing to the development of small business in Australia?

AMR Interactive, March 2008

Continuing the trend from the previous quarters (51% in November and 55% in July 2007), more than half (55%) of small business owners surveyed perceived the State Government's current performance in contributing to the development of small businesses to be very or somewhat poor.

In line with previous trends by industry, small businesses from the Manufacturing sector (65%), Agriculture (63%) and Wholesale trade (63%) were most likely to be critical of the State Government's performance.

While many industries remained relatively consistent with previous quarters, the Wholesale trade industry again (as with November) saw the highest increase in negative ratings with an increase from 42% to 63%.

By State, small businesses in NSW (61%) were most likely to perceive the State Government's performance negatively.

Appendix 1 – Preferred method of recruitment (additional breakdowns)

Table 4: Method of seeking employment additional breakdowns

| | Method of seeking employees | | | | | |
|----------------------------------|------------------------------|--------------------------------|--|------------------------------|----------------------------|-----------|
| | By advertising in newspapers | By advertising on the Internet | Through family/ friends/ other employees in my company | Via professional association | Through recruitment agency | Other |
| Total | 26% | 21% | 57% | 25% | 15% | 9% |
| Total by Gender | | | | | | |
| Male | 25% | 19% | 57% | 30% | 15% | 8% |
| Female | 28% | 23% | 57% | 19% | 16% | 11% |
| Total by Size of Business | | | | | | |
| Sole Trader (No employee) | 16% | 19% | 56% | 24% | 9% | 15% |
| 1 Employee | 17% | 11% | 61% | 30% | 9% | 11% |
| 2 to 4 Employees | 32% | 22% | 56% | 25% | 18% | 7% |
| 5 to 9 Employees | 36% | 30% | 55% | 17% | 31% | 5% |
| 10 to 19 Employees | 51% | 39% | 50% | 21% | 21% | 3% |
| Total by State | | | | | | |
| NSW | 23% | 23% | 55% | 24% | 16% | 10% |
| VIC | 22% | 24% | 51% | 30% | 17% | 8% |
| QLD | 29% | 20% | 58% | 22% | 11% | 13% |
| SA | 30% | 12% | 68% | 25% | 16% | 7% |
| WA | 31% | 22% | 60% | 21% | 17% | 7% |
| TAS | 42% | 13% | 67% | 15% | 8% | 3% |

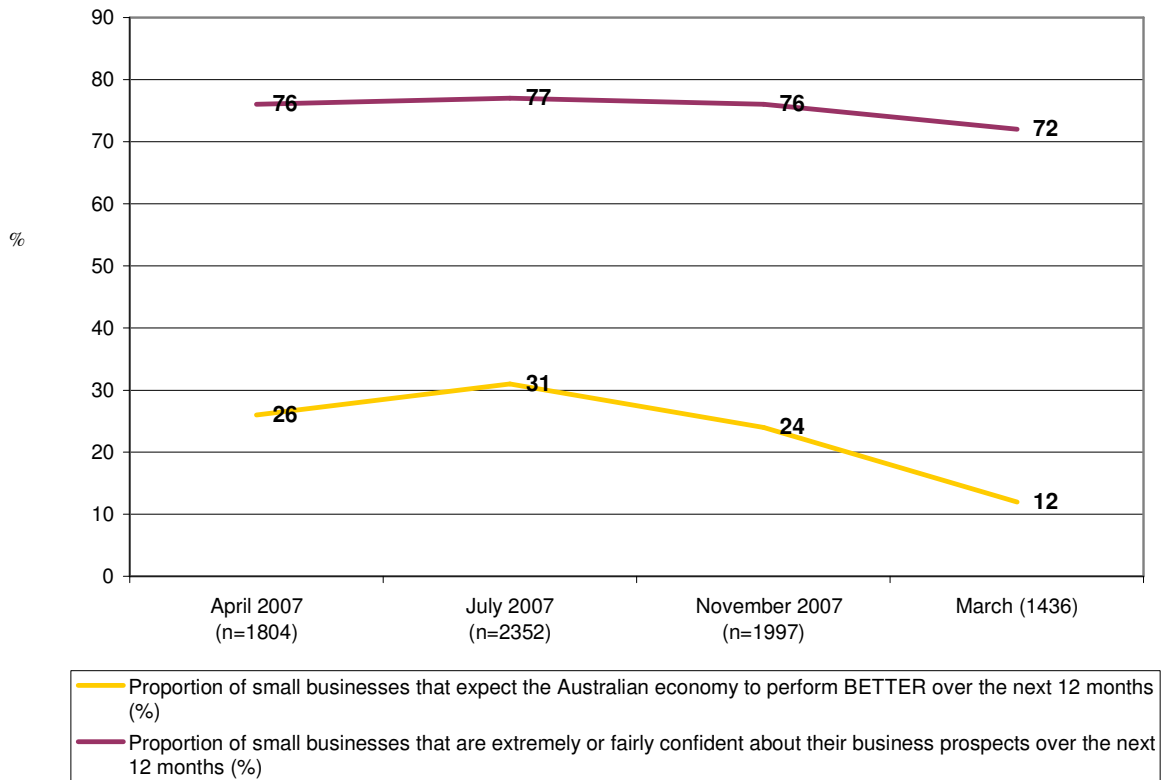
Base: Online small businesses that have one or more employees (n=942)

Q12: How do you generally find your employees? (Multiple responses)

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Appendix 2 – Confidence in business & economy outlook

Figure 23: Small businesses' confidence in business prospects and expectations for the economic performance over 12 months time

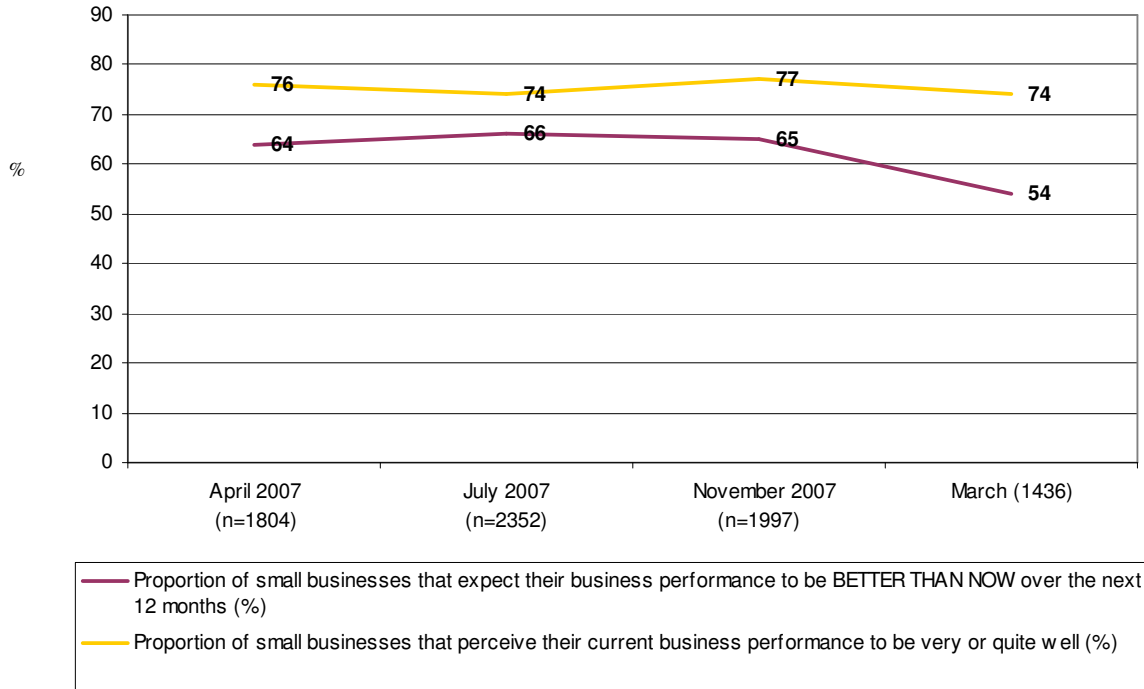


Base: Online small business owners (1436)

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Appendix 3 – Perceptions of current and future business performance

Figure 24: Small businesses' perceptions of their current and future business performance



Base: Online small business owners (n=1436)

AMR Interactive, March 2008

Appendix 4 – Positive & negative outlook for specific business issues

Figure 25: Proportion of small businesses with POSITIVE outlook for specific business issues over the next 12 months (%)

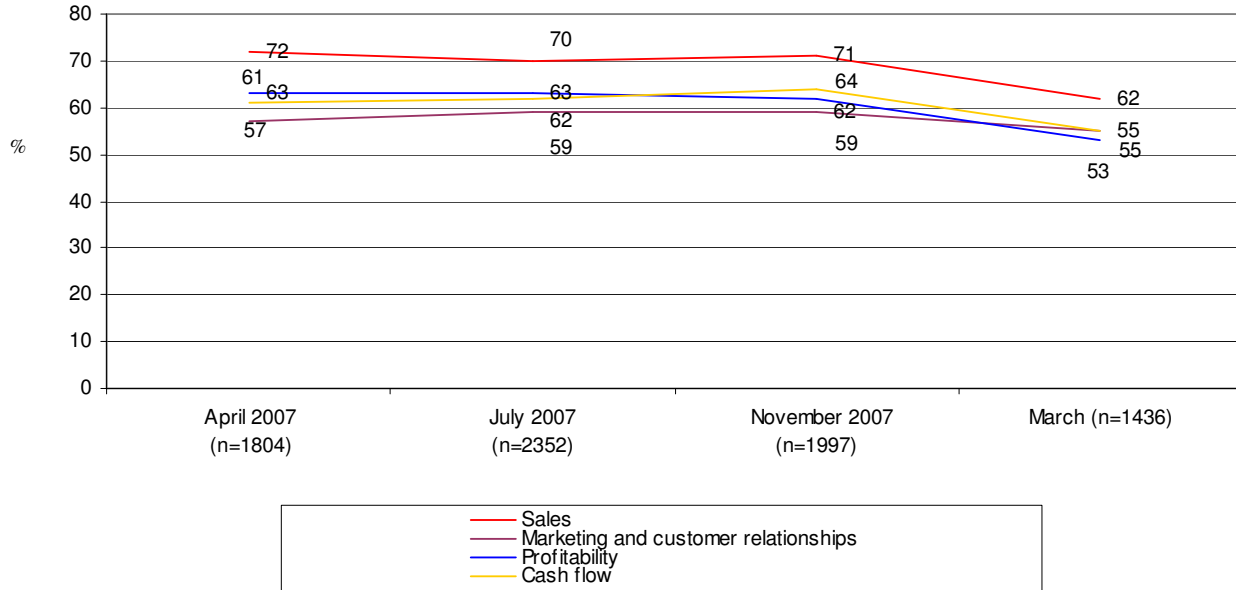
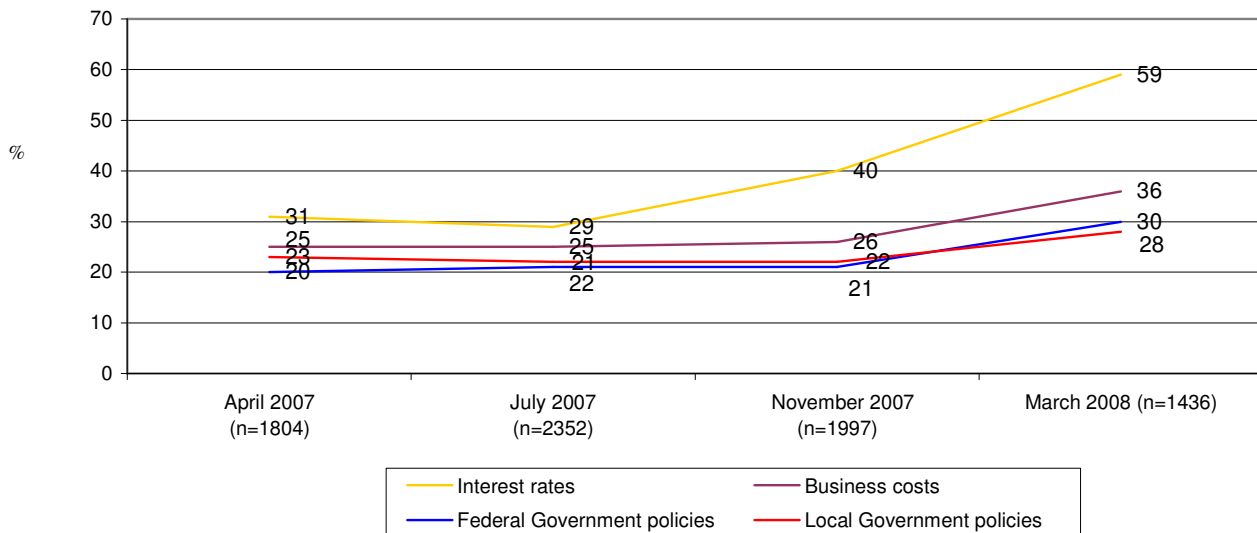


Figure 26: Proportion of small businesses with NEGATIVE outlook for specific business issues over the next 12 months

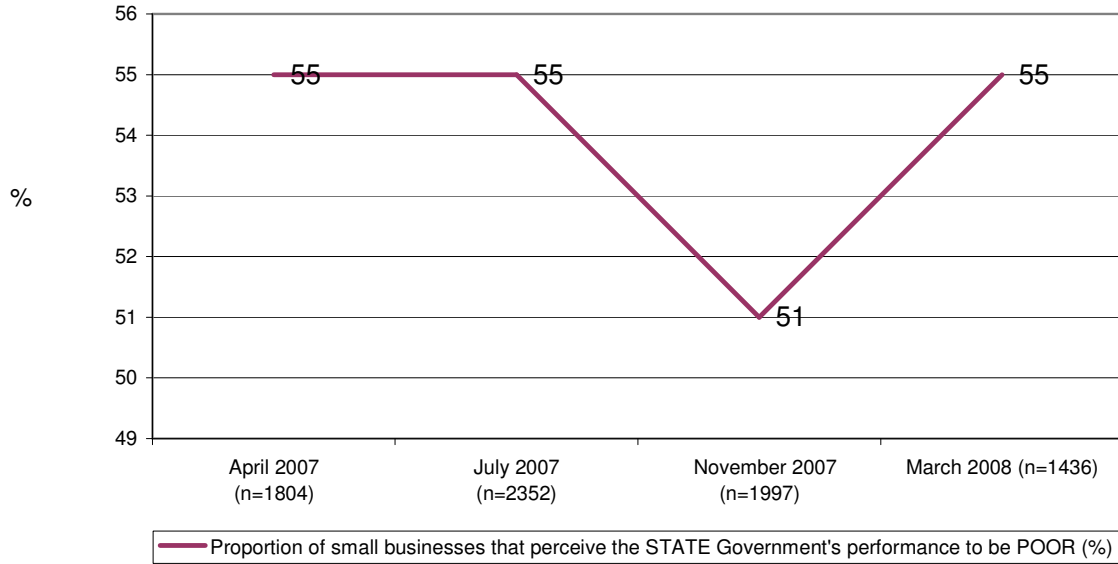


Base: Online small business owners (n=1436)

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Appendix 5 – Perceptions of State Government performance

Figure 27: Small businesses' perceptions of the State Governments' performance in contributing to the development of small business in Australia



Base: Online small business owners (n=1436)

AMR Interactive, March 2008

Appendix 6 – Sample demographics; Personal

| Gender | |
|---------------|-----|
| Male | 56% |
| Female | 44% |

| Age | |
|---------------|-----|
| 18-29 years | 7% |
| 30-39 years | 16% |
| 40-49 years | 30% |
| 50-59 years | 29% |
| 60-65 years | 12% |
| Over 65 years | 4% |

Base: Online small business owners (n=1436)

AMR Interactive, March 2008

Appendix 7 – Sample demographics; Business

| Size of Business | |
|----------------------------------|-----|
| Sole trader (no other employees) | 55% |
| 1 full time employee | 14% |
| 2-4 full time employees | 20% |
| 5-9 full time employees | 7% |
| 10-19 full time employees | 4% |

| Business or Consumers/Customers | |
|---------------------------------|-----|
| Business | 34% |
| Consumers/Customers | 32% |
| Both | 31% |
| Other | 1% |
| Unsure | 2% |

| Length of Time Business Operating | |
|-----------------------------------|-----|
| Less than 1 year | 14% |
| 1 to less than 5 years | 35% |
| 5 to less than 10 years | 19% |
| More than 10 years | 32% |

Table 5: Distribution of overall expenses on different areas (%)

| Area of expenses | Percentage of expenses | | | | | | | | | | |
|---|------------------------|--------|--------|--------|---------|---------|---------|----------|---------------|--------|--------|
| | 0% | | | 1%-10% | 11%-20% | 21%-30% | 31%-50% | 51%-100% | Total 1%-100% | | |
| | Mar 08 | Nov 07 | Jul 07 | Mar 08 | Mar 08 | Mar 08 | Mar 08 | Mar 08 | Mar 08 | Nov 07 | Jul 07 |
| Rent & property costs | 36% | 30% | 27% | 36% | 15% | 6% | 3% | 1% | 61% | 65% | 69% |
| Salary/wages | 22% | 19% | 19% | 11% | 11% | 12% | 19% | 17% | 70% | 73% | 74% |
| IT - software & hardware | 20% | 12% | 14% | 68% | 7% | 2% | 1% | 0% | 78% | 82% | 84% |
| Plant equipment, furniture, materials and inventory costs | 19% | 10% | 12% | 37% | 13% | 8% | 16% | 0% | 74% | 82% | 84% |
| Marketing, advertising & sales | 35% | 30% | 30% | 50% | 7% | 4% | 2% | 0% | 63% | 67% | 69% |
| Energy use - electricity, gas, water, oil/petrol | 19% | 9% | 9% | 69% | 15% | 5% | 4% | 0% | 93% | 87% | 85% |
| Research & Development costs | 65% | 60% | 59% | 28% | 4% | 2% | 0% | 0% | 34% | 38% | 39% |
| Administrative costs - human resource management, accounting, finance | 19% | 12% | 15% | 60% | 13% | 3% | 0% | 0% | 76% | 83% | 78% |
| Other | 64% | 78% | 79% | 5% | 3% | 1% | 0% | 0% | 9% | 16% | 17% |

Base: Online small business owners (n=1436)

AMR Interactive, March 2008

Appendix 8 – Questionnaire items

Q1. Thinking about the current performance of your own business, do you think your business is performing...

1. Very well
2. Quite well
3. Not very well
4. Not at all well
9. Don't know

Q2. Thinking about the next twelve months, how confident do you feel about the prospects for your own business?

1. Extremely confident
2. Fairly confident
3. Neutral
4. Fairly worried
5. Extremely worried

Q3. Now thinking about the performance outlook for your own business over the next twelve months, do you think your business will perform...

1. Better than now
2. Worse than now
3. No change
9. Don't know

IF Q3 (1/3), ASK:

Q4. You mentioned that you expect your business to be [INSERT CODE NOMINATED IN Q3] over the next 12 months, what are the factors underpinning your expectation?

Please select all that apply.

1. Current tax levels
2. Future proposed tax changes - going up
3. Future proposed tax changes - going down
4. Petrol prices too high
5. Petrol prices forecast reduction
6. Employment market favourable for employers
7. Lack of available trained workers to draw on
8. Increase in Government investment in my industry
9. Decrease in Government investment in my industry
10. Increase in competitive activity
11. Decrease in competitive activity
12. Organic growth of my industry is increasing
13. Decline in growth rate of my industry
14. Consumer/end user trends changing favourably
15. Consumer/end user trends changing unfavourably
16. None of these
38. Other (please specify)

Q5. Thinking more generally about the condition of the overall Australian economy over the next 12 months, do you think it will perform...

1. Better than now
2. Worse than now
3. No change
9. Don't know

Q6. Listed below are a number of issues that your business will deal with over the next 12 months. Thinking only about your own business, please indicate your outlook for each of these issues by using the following scale where:

1 is a very negative outlook; 2 is a somewhat negative outlook; 3 is neutral; 4 is a somewhat positive outlook; and 5 is a very positive outlook. If this is not applicable to your business select 6.

1. Sales
2. Cash flow
3. Business costs
4. Profitability
5. Competitor activity
6. Federal Government policies
7. Local Government policies
8. Exchange rates
9. Interest rates
10. Business systems (IT, accounting)
11. Marketing and customer relationships

Q7a. Do you expect your business revenue to increase, decrease or remain unchanged in the next 12 months?

1. Increase
2. Decrease
3. Unchanged
9. Don't know

IF Q7a (1) ASK:

Q7b. How much do you expect your revenue to increase in the next 12 months?

1. 1-5%
2. 6-10%
3. 11-15%
4. 16-20%
5. More than 20%

IF Q7a (2) ASK:

Q7c. How much do you expect your revenue to decrease in the next 12 months?

1. 1-5%
2. 6-10%
3. 11-15%
4. 16-20%
5. More than 20%

Q8a. Within the next 6 months, do you expect to invest money in order to help your business grow?

1. Yes
2. No
9. Don't know / Not sure

IF Q8a (1) ASK:

Q8b. And approximately how much money do you expect to invest in the next 6 months specifically to help grow your business?

1. Less than \$5,000
2. \$5,000 - \$9,999
3. \$10,000 - \$50,000
4. More than \$50,000
5. Don't Know / Not sure
6. Will invest nothing to grow the business

Q9. Do you intend to hire or reduce employees within the next 12 months?

1. Hire more employees
2. Reduce employees
3. Neither hire nor reduce
4. I am a sole trader and do not intend to hire
1. Don't know

IF Q9 (1) ASK:

Q10. How many employees do you intend to hire in the next 12 months?

1. 1 employee
2. 2 employees
3. 3 employees
4. 4 employees
5. 5 employees or more

IF Q9 (2) ASK:

Q11. How many employees do you intend to reduce by in the next 12 months?

1. 1 employee
2. 2 employees
3. 3 employees
4. 4 employees
5. 5 employees or more

IF Q9 (4- sole trader) Skip Q12 and Q13:

Q12. How do you generally find your employees? (MULTIPLE RESPONSE)

1. By advertising on newspapers
2. By advertising on the Internet
3. Through family/friends/other employees in my company
4. Via professional association
5. Through recruitment agency
6. Other (specify)

Q13. What percentage of your employees are...

[Responses: percentage for each category; all add up to 100%]

1. Full-time permanent
2. Part-time permanent
3. Contract
4. Other (specify)
5. Casual

Q14. On average, how many hours do you work to run your business per week?

1. 0-10 hours
2. 11-20hours
3. 21-30 hours
4. 31-40 hours
5. 41-50 hours
6. 51-70 hours
7. Over 70 hours
9. Don't know

Q15. How has running your own business affected your work-life balance?

1. Very negative impact
2. Somewhat negative impact
3. No impact at all
4. Somewhat positive impact
5. Very positive impact

Q16. Below is a list of attitudes, opinions and issues that other small business owners have previously shared. Please indicate how strongly you agree/disagree with each...

| | 1-Strongly Disagree | 2- Disagree | 3-Neither agree nor disagree | 4-Agree | 5- Strongly Agree | 9-Don't know/ Not sure |
|---|---------------------|-------------|------------------------------|---------|-------------------|------------------------|
| There should be better information available for new businesses when starting up | | | | | | |
| I often feel isolated or on my own as a small business owner | | | | | | |
| Australia is a great country to run a small business in | | | | | | |
| There is limited career development for employees of my business | | | | | | |
| Technology is changing too fast for my business to keep up to date with it | | | | | | |
| Our business should make more of an effort to reduce its carbon emissions, environmental impacts or wastage | | | | | | |

Q17. Does your business have a website?

1. Yes
2. No
9. Don't know

IF Q17 (1) ASK Q18-Q20; else skip to Q21

Q18. Do you sell goods or services via your business website (e.g. an online shopping or e-commerce facility)?

1. Yes
2. No
9. Don't know

Q21. How would you rate the Federal Government's current performance in contributing to the development of small business in Australia? Please indicate by selecting one of these options:

1. Very poor performance
2. Somewhat poor performance
3. Neither good nor poor performance
4. Somewhat good performance
5. Very good performance
9. Don't know

Q22. How would you rate your State Government's current performance in contributing to the development of small business in your region? Please indicate by selecting one of these options:

1. Very poor performance
2. Somewhat poor performance
3. Neither good nor poor performance
4. Somewhat good performance
5. Very good performance
9. Don't know

D2. What industry does your business operate in?

1. Agriculture
2. Manufacturing
3. Electricity, gas and water supply
4. Construction
5. Wholesale trade
6. Retail trade
7. Accommodation, café and restaurants
8. Transport and storage
9. Communication, media and marketing services
10. Finance and insurance
11. Property and business services
12. Government administration and defence
13. Education
14. Health and community services
15. Cultural and recreational services
16. Personal and other services
17. Other (Please specify_____)

D3. Which state is your company predominantly based in?

1. NSW
2. VIC
3. QLD
4. SA
5. WA
6. TAS
7. NT
8. ACT

D7. How long has your business been operating?

1. Less than 1 year
2. 1 to less than 2 years
3. 2 to less than 3 years
4. 3 to less than 5 years
5. 5 to less than 10 years
6. 10 years or more

D9. Does your business sell products or services primarily to other businesses or consumers/customers?

1. Businesses
2. Consumers/ customers
3. Both
4. Other (specify)
9. Don't know

D10. What percentage of your overall business expenses does each of the following areas account for (your best estimate is fine)?

[Responses: percentage for each category; all add up to 100%]

1. Rent and property costs
2. Salary/wages
3. IT - software and hardware
4. Plant equipment, furniture, materials and inventory costs
5. Marketing, advertising and sales
6. Energy use - electricity, gas, water, oil/petrol
7. Research & Development costs
8. Administrative costs – human resource management, accounting, finance
9. Other (specify)

D12. What is your gender?

1. Male
2. Female

D13. Which of the following categories best describes your age?

| | | |
|---|--------------------------------------|--|
| 1 | Under 18 years | |
| 2 | 18-29 years | |
| 3 | 30-39 years | |
| 4 | 40-49 years | |
| 5 | 50-59 years | |
| 6 | 60-65 years | |
| 7 | Over 65 years | |
| 8 | I don't wish to answer this question | |

D16. Which of the following ranges best describes your total household annual income before tax?

| | | |
|----|---------------------------------------|--|
| 1 | Under \$25,000 | |
| 2 | \$25,000 - \$39,999 | |
| 3 | \$40,000 – \$59,999 | |
| 4 | \$60,000 – \$74,999 | |
| 5 | \$75,000 - \$99,999 | |
| 6 | \$100,000 - \$149,999 | |
| 7 | \$150,000 - \$199,999 | |
| 8 | \$200,000+ | |
| 9 | Don't know | |
| 10 | I do not wish to answer this question | |

