

SUBMISSION TO THE INQUIRY INTO ACCESS OF SMALL BUSINESS TO FINANCE

This submission is made by Sensis Pty Ltd to the Senate Inquiry into Access of Small Business to Finance to provide the Inquiry with data collected through the Sensis® *Business Index* which may be useful for the Inquiry's purposes.

With 600,000 businesses advertising with Sensis each year, we take our role supporting the growth and prosperity of the small to medium sized business sector very seriously, and we continue to look for new and innovative ways to strengthen the sector and give back to the communities in which we operate.

One way that Sensis supports the small business community in Australia is through the quarterly Sensis® *Business Index*. The Sensis® *Business Index* report is Sensis' flagship economic report and a key part of our commitment to Australian small and medium sized businesses.

Since its inception in 1993, this report has been tracking business activity from the previous three months, expectations for both the current three and 12 month periods to measure overall confidence among SMEs, ensuring that the voice of small and medium businesses is heard.

The results are based on a sample size of 1800 SMEs from metropolitan and regional areas of Australia within the accommodation, construction, communication, health, community services, cultural and recreational industries.

Location of business				Industry sector	
	Total	Metro	Non-metro		
New South Wales	300	240	60	Manufacturing	200
Victoria	300	240	60	Building/Construction	250
Queensland	300	165	135	Wholesale Trade	150
South Australia	225	195	30	Retail Trade	250
Western Australia	225	195	30	Accommodation, Cafes and Restaurants	100
Tasmania	150	90	60	Transport/Storage	150
Northern Territory	150	90	60	Finance and Insurance	100
Australian Capital Territory	150	150	-	Communication, Property and Business Services	300
Total	1800	1365	435	Health and Community Services	150
				Cultural, Recreational and Personal Services	150
				Total	1800

We make reports available to download online at no cost at www.about.sensis.com.au to enable objective data to be available to assist policy makers improve policy and economic settings which impact on the small business population.

In the March 2010 Sensis® *Business Index* survey, we included some questions to gather information on the views and experience of small and medium business operators on the subject of accessing finance. These questions were included

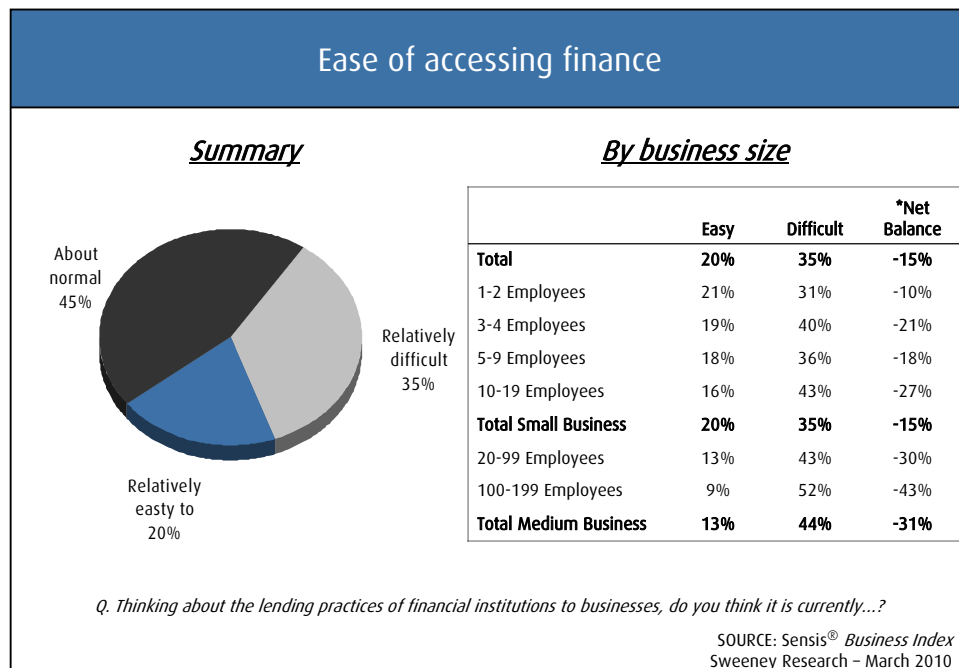
independently of the current Inquiry and it is our intention to include these questions as a regular part of the survey going forward.

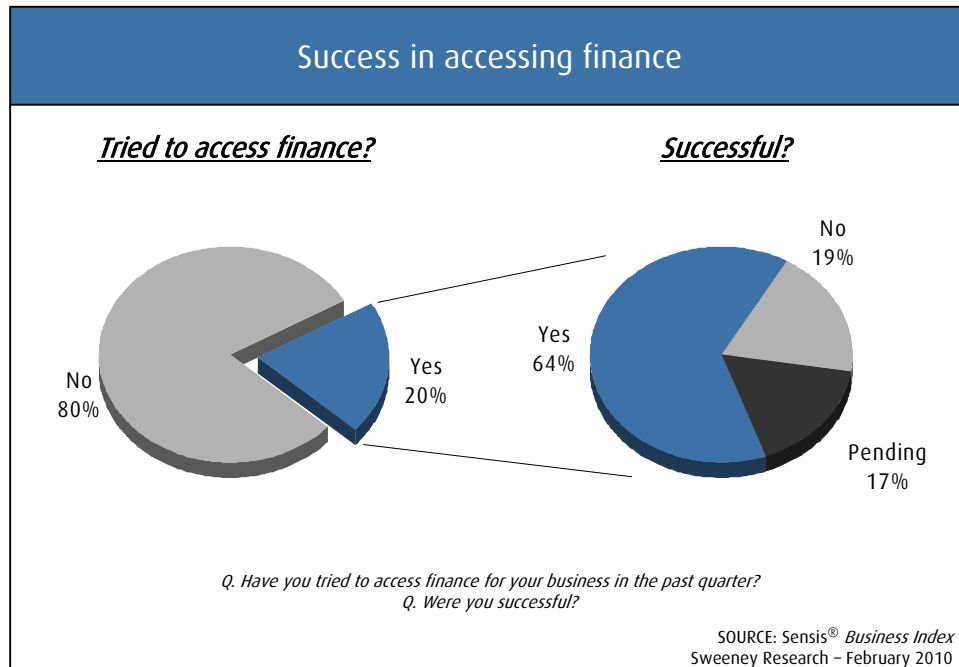
These questions covered:

- Whether businesses thought that the current lending practices of financial institutions were relatively easy, relatively difficult or about normal;
- Whether they had tried to access finance in the past quarter; and
- Whether they had been successful in accessing finance.

In short, the survey found that:

- On balance, SMEs were more likely to report that it was relatively difficult to access finance – overall findings were that 20 per cent of businesses reported it was currently relatively easy to access finance; compared to 35 per cent reporting they felt it was relatively difficult, and the remainder feeling that current lending conditions were fairly normal.
- One in five SMEs reported that they had tried to access finance in the past quarter.
- Of those, some 64 per cent reported that they had been successful in accessing finance.





It is also interesting to note that the survey found that businesses aiming for significant growth were more likely to feel that it was relatively difficult to access finance at the moment (40 per cent compared to 35 per cent). Businesses aiming for significant growth were also much more likely to have applied for finance in the past quarter (43 per cent compared to 20 per cent), and were also more likely to have been successful in their applications for finance (69 per cent compared to 64 per cent on average).

We have included a series of breakdowns of the findings from these questions to provide you with additional information and would be happy to assist the Inquiry with any further information or questions as far as we are able.

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Ease of accessing finance – by location

	Easy	Difficult	*Net Balance
Total	20%	35%	-15%
New South Wales	17%	36%	-19%
Victoria	21%	34%	-13%
Queensland	24%	36%	-12%
South Australia	20%	41%	-21%
Western Australia	18%	35%	-17%
Tasmania	20%	26%	-6%
Northern Territory	16%	39%	-23%
Australian Capital Territory	21%	32%	-11%
Total Metropolitan	19%	35%	-16%
Total Regional	21%	36%	-15%

Q. Thinking about the lending practices of financial institutions to businesses, do you think it is currently...?

SOURCE: Sensis® Business Index
Sweeney Research – February 2010

Ease of accessing finance – by industry

	Easy	Difficult	*Net Balance
Total	20%	35%	-15%
Manufacturing	13%	32%	-19%
Building/Construction	22%	33%	-11%
Wholesale Trade	21%	42%	-21%
Retail Trade	21%	34%	-13%
Accommodation, Cafes and Restaurants	12%	34%	-32%
Transport/Storage	36%	19%	17%
Finance and Insurance	7%	68%	-61%
Communication, Property and Business Services	21%	39%	-18%
Health and Community Services	17%	25%	-8%
Cultural, Recreational and Personal Services	16%	33%	-17%

Q. Thinking about the lending practices of financial institutions to businesses, do you think it is currently...?

SOURCE: Sensis® Business Index
Sweeney Research – February 2010

Success in accessing finance – by location

	Tried to access finance?	Successful?
Total	20%	64%
New South Wales	18%	57%
Victoria	24%	63%
Queensland	21%	69%
South Australia	14%	92%
Western Australia	21%	70%
Tasmania	12%	66%
Northern Territory	13%	68%
Australian Capital Territory	14%	63%
Total Metropolitan	19%	63%
Total Regional	22%	67%

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

Q. Were you successful?

SOURCE: Sensis® *Business Index*
Sweeney Research – February 2010

Success in accessing finance – by industry

	Tried to access finance?	Successful?
Total	20%	64%
Manufacturing	22%	78%
Building/Construction	20%	33%
Wholesale Trade	21%	62%
Retail Trade	20%	67%
Accommodation, Cafes and Restaurants	30%	87%
Transport/Storage	16%	60%
Finance and Insurance	26%	48%
Communication, Property and Business Services	29%	89%
Health and Community Services	12%	51%
Cultural, Recreational and Personal Services	20%	77%

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

Q. Were you successful?

SOURCE: Sensis® *Business Index*
Sweeney Research – February 2010

Success in accessing finance – by size

	Tried to access finance?	Successful?
Total	20%	64%
1-2 Employees	16%	70%
3-4 Employees	22%	38%
5-9 Employees	23%	87%
10-19 Employees	25%	68%
Total Small Business	19%	64%
20-99 Employees	38%	75%
100-199 Employees	34%	44%
Total Medium Business	37%	71%

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

Q. Were you successful?

SOURCE: Sensis® *Business Index*
Sweeney Research – February 2010