



# Media Release.

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## Christmas rings in positive outlook

*Westpac-Melbourne Institute Small Business Index reveals uplift in small business confidence*



For further information

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- *Westpac-Melbourne Institute Small Business Index rises to 123.0 points in November, up 10.4 per cent from the previous quarter*
- *NSW, QLD and WA rise by 19.5, 8.3 and 2.1 per cent respectively*
- *Small business rating economy and regulation as negative factors influencing performance (35.5 per cent and 32.2 per cent respectively)*
- *Small businesses in Australia are optimistic about future business activity (41.4 per cent expect an increase in activity in the next three months)*

Small business confidence and outlook has recovered this quarter following the post-budget decline, with the November *Westpac-Melbourne Institute Small Business Index* rising to 123.0 points, up 10.4 per cent from the last quarter.

Of the States, New South Wales recorded the most significant increase of 19.5 per cent, followed by Queensland (8.2 per cent) and Western Australia (2.1 per cent). Victoria was the only major state to experience a slight decline (2.0 per cent).

Julie Rynski, Westpac General Manager, Small Business said the November results indicate signs of increasing optimism, and a growing sense of confidence to invest amongst small business.

“After experiencing a dip in sentiment last quarter, it is encouraging to see small business confidence picking up across the nation in the lead up to Christmas, with the national Index registering an increase across all performance indices.”

“More than two in five small businesses (41.4 per cent) expect an increase in business activity in the next quarter, and one in five are planning to invest. Whilst this indicates that small businesses remain hesitant in their investment intentions, it is encouraging to see an improvement from the last quarter.

“The Index has risen by over 10 per cent in the last quarter despite the sector continuing to list macroeconomic conditions (35.5 per cent) as the number one negative impact on their businesses, followed by regulation (32.2 per cent),” added Ms Rynski.

Among industries, Hospitality and Recreational Services continue to report considerable improvements, with the Small Business Index rising by 34.0 per cent to 140.5, the highest industry reading across all of the sectors.

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Westpac Banking Corporation ABN 33 007 457 141



“The latest Index also revealed a substantial increase in local sales, which now account for 91.0 per cent of business revenue (up 4.5 per cent from previous quarter), with declining interstate and international sales. This may be attributed to increased spending from tourism and customers are opting to support their local businesses to make a difference to their local community.”

“Small businesses are vital to the economic prosperity of our nation, and Westpac continues to support to this sector by offering easy access to specialised advice through *Connect Now* video conferencing, together with the largest business banking support network in Australia.”

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**KEY FINDINGS**

***Westpac-Melbourne Institute Small Business Index***

- The Small Business Index increased by 10.4 per cent to 123.0 from 111.4 in the last survey
- New South Wales saw the largest increase, by 19.5 per cent, followed by Queensland (8.3 per cent) and Western Australia (2.1 per cent)
- Victoria was the only major state to display a decrease in Small Business Index, by 2.0 per cent
- Small businesses rated economy and regulation as negative factors influencing performance (35.5 per cent and 32.2 per cent respectively)
- All of the sub-Indexes rose, with the Industry Performance Index displaying the largest increase of 24.5 per cent
- 41.4 per cent of small businesses expect an increase in business activity/sales in the next three months, compared to 11.9 per cent expecting a decrease, and 44.0 per cent believing business activity/sales will remain the same
- The survey results show a change in the composition of revenue sources for small business: local sales have risen by 4.5 percentage points to 91.0 per cent, and interstate/international sales have declined to just 9.0 per cent
- Hospitality & Recreational Services had the highest industry reading, with a Small Business Index of 140.5, up 34.0 from the previous quarter

**Notes to editors:**

**About the Westpac-Melbourne Institute Small Business Index**

The November 2014 Westpac-Melbourne Institute Small Business Index was commissioned by Westpac Banking Corporation (WBC) (ABN 33 007 457 141) and conducted by the Melbourne Institute.

The research aims to provide information about the economic health of Australian small businesses. The report is a quarterly publication based on a representative survey of 300 small businesses from all over the country conducted between 8 October and 15 October 2014. Data from this survey provides measures of performance and the factors that have had the greatest positive/negative effects.