

# THE AUSTRALIAN RETAILERS ASSOCIATION



## Small Business Access to Finance

**SUBMISSION TO  
Senate Economics Committee**

**MARCH  
2010**

## **Submission by:**

### **Australian Retailers Association**

Level 10, 136 Exhibition Street

MELBOURNE VIC 3000

Tel: 1300 368041

Fax: 03 8660 3399

[info@retail.org.au](mailto:info@retail.org.au)

[www.retail.org.au](http://www.retail.org.au)

### **CONTACTS**

#### **Russell Zimmerman**

Executive Director

[russell.zimmerman@retail.org.au](mailto:russell.zimmerman@retail.org.au)

#### **Jennifer Cromarty**

Deputy Executive Director

[Jennifer.cromarty@retail.org.au](mailto:Jennifer.cromarty@retail.org.au)

## **Australian Retailers Association**

### **- Promoting and protecting retailers for over 100 years**

For over 105 years, the Australian Retailers Association (ARA) has been the peak industry body in Australia's \$292 billion retail sector which employs over 1.5 million people. We provide leadership and solutions to improve the long-term viability, productivity and visibility of the retail industry by proactively dealing with government, media and other regulatory bodies on behalf of our members. ARA members comprise a diversity of sizes and types of retailers reflecting the profile of the retail industry, ranging from large national chain retailers to one-person operators throughout the nation.

The ARA provides a range of comprehensive services, advice and representation suited to both small and large retailers in the areas of employment relations, occupational health and safety, tenancy, consumer law and retail business solutions. This includes a range of retail specific training that supports best practice in retail. As an incorporated employer body under the Fair Work (Registered Organisations) Act 2009, the ARA promotes and protects over 5000 independent and national retailers.

## TABLE OF CONTENTS

1.	Executive Summary	4
2.	Basis of Submission	5
3.	Retail trading conditions	6
	i) ABS Retail Trade Trends	8
	ii) ARA Australian Retailers Index	11
4.	Award modernisation	13
5.	Retail employment concerns	15
	i) ARA Minimum Wage and Budget Industry Snap Poll	15
6.	Conclusion	20

## **EXECUTIVE SUMMARY**

### **ARA's 2010 POSITION**

1. The ARA strongly recommends The Committee consider strategies to support competitiveness in the banking industry to promote affordable and timely access to finance for small business.
2. The ARA notes that adequate access to finance for small business promotes small business investment and expansion and is imperative to continued economic recovery.
3. The ARA supports policies that will encourage greater competition in the banking industry. The ARA strongly recommends the Committee considers measures to promote competitiveness in Australia's banking sector to ensure a wider range of product offerings for small retailers.
4. The ARA asks the Committee to note the difficulties small retailers face in obtaining finance from financial institutions since the onset of global financial crisis.
5. The ARA asks to the Committee to advocate and raise awareness of financing issues and their impact of SMEs with all stakeholders including the Government and the Reserve Bank of Australia (RBA); and

## **BASIS OF SUBMISSION**

6. The Senate Economics is seeking submissions from interested groups and individuals who wish to provide input into the Inquiry to Access of Finance for Small Business.
7. The Australian Retailers Association (ARA) welcomes the opportunity to make a submission to the Senate Economics Committee's Inquiry into Access of Finance for Small Business.
8. During March 2010 the ARA conducted an on-line survey of ARA members to determine their current concerns about small business access to finance.
9. The retail industry sectors' feedback to the Survey as well as to the quarterly commissioned Sensis Retail Consumer Confidence Survey will be explored and referred to in this submission.
10. It is the ARA's contention throughout this submission that any consideration of access to small business finance must take into account the role small retailers play in driving economic recovery and jobs growth.
11. Restricted access to timely, affordable and adequate finance hinders growth and expansion plans for small retailers, as well as the employment generating potential of Australia's largest employer – the retail sector.
12. Annexed hereto and marked Schedule 1 is a Summary of the ARA Survey results and the March 2010 Quarter ARA Australian Retailers Index.

## COMPETITION IN AUSTRALIA'S BANKING SECTOR

13. Australia's banking sector is dominated by the big four banks; Westpac, National Australia Bank (NAB), ANZ, and Commonwealth.
14. The ARA notes widespread concern regarding the lack of competition in the banking sector leading to higher fees and interest rates, standard non-competitive products and a general ignorance and disinterest about the lending requirements of small business.
15. The ARA notes a submission by BankWest to the Federal Committee regarding the Westpac – St George merger cited research that the big four had a grip on 70 per cent of all bank customers.
16. BankWest's concern was that the merger would reduce competition even further than the soaring cost of credit had done by making business unviable for non-bank lenders, who had specialised in offering cheap home loans.
17. Other than the big four banks, smaller players in Australia's banking sector are few and far between - Bank of Queensland, Bank of Western Australia (trading as BankWest), Bendigo and Adelaide Bank, Macquarie Bank, Members Equity and Suncorp-Metway.
18. According to the RBA, variables interest rates on banks' outstanding large business loan (those greater than \$2 million) are estimated to have increased by an average of 57 bps since the end of October 2009 to 6.04 per cent in January 2010.
19. During 2009, ACCI Survey of Investor Confidence also found that financial constraints, namely, Raising Loans from Financial Institutions, Charges by Lending Institutions, Current Levels of Debt and Insufficient Retained Earnings, have increased their prominence as the top ten constraints for business investment in plant and equipment. Raising Loans from Finance Institutions have become amongst the top ten constraints for small business investment in plant and equipment during September quarter 2008, March quarter 2009 and December quarter 2009. The last time this indicator entered into top ten was in March quarter 2002.
20. In the April 2009 *ACCI Survey of Investor Confidence*, 22.9 per cent of respondents reported that changes in bank lending criteria will negatively affected their capital expenditure plan for 2009-10;

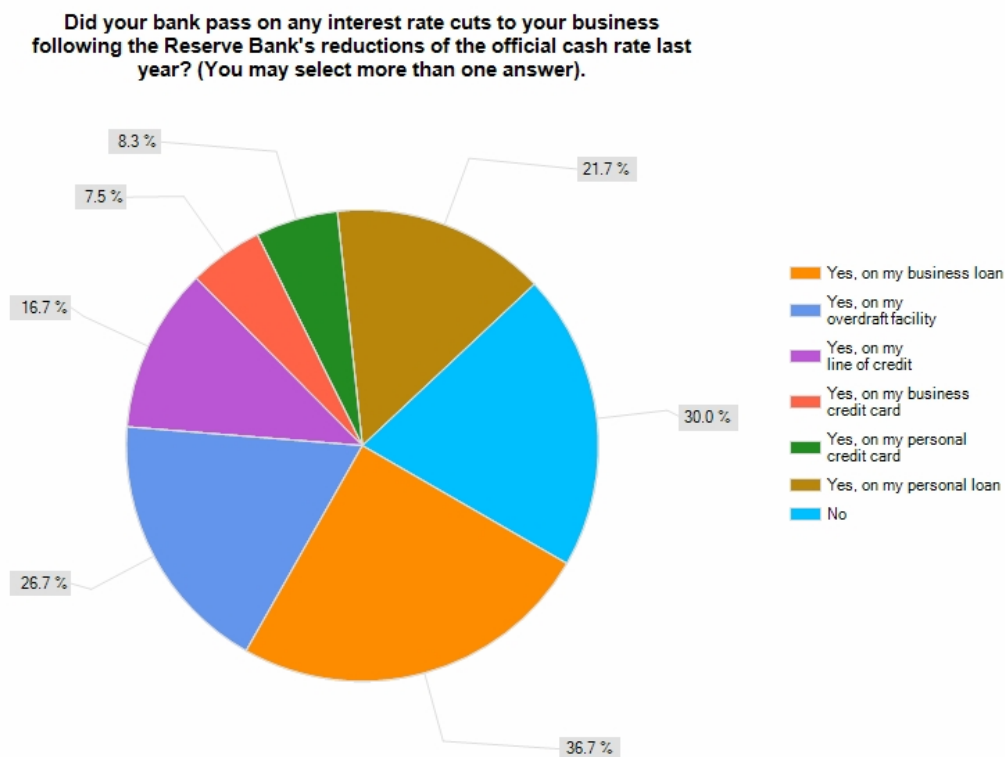
while 20.1 per cent of businesses indicated that their working capital has and will be negatively affected by the changes.

21. Other surveys also highlighted similar issues. According to PricewaterhouseCoopers October 2009 *Private Business Barometer*, private businesses are expanding but their growth plans are constrained by tight lending conditions. This report, which surveyed 758 businesses with turnover of between \$10 million and \$100 million during August and September 2009, found that:

- a. Lenders reviewed the debt facility of more than 61 per cent of businesses during the past six months, with 45.4 per cent of respondents had their loans re-priced;
- b. 39 per cent of respondents indicated that the cost of debt was their main difficulty in raising capital, and a further 23.9 per cent said availability of credit was their biggest capital-raising challenge;
- c. 81.7 percent of businesses indicated that availability of credit could prevent them meeting their business growth targets in the next year;
- d. 30.7 percent of businesses suggested that the cost of debt could also hamper their ability meet their targets in the next 12 months; and
- e. The average debt to asset ratio has fallen from 41.3 per cent in February 2007 to 31.2 per cent in August and September 2009.

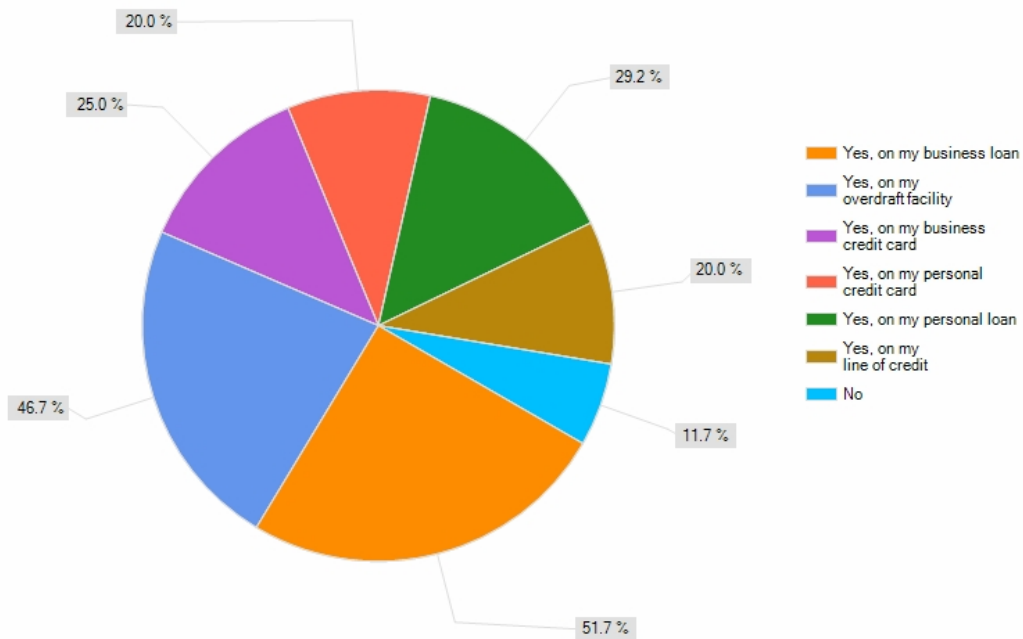
## SMALL BUSINESS ACCESS TO FINANCE – THE RETAIL EXPERIENCE

22. Since the onset of the Global Financial Crisis, small to medium retailers have noted an increasing difficulty in accessing finance.
23. Retailers have noted an inconsistency between the banks willingness to pass on interest rate cuts compared to interest rate rises following the Reserve Bank's changes to the official cash rate. While only 36.7 percent of small to medium retailers have been passed on interest rate cuts following the Reserve Banks reductions to the official cash rate in 2009, over 51 percent have had interest rate hikes from the end of 2009 and early 2010 passed on to their business loan. The charts below note further cuts / hikes to other business lending facilities following reductions / increases in the official cash rate.





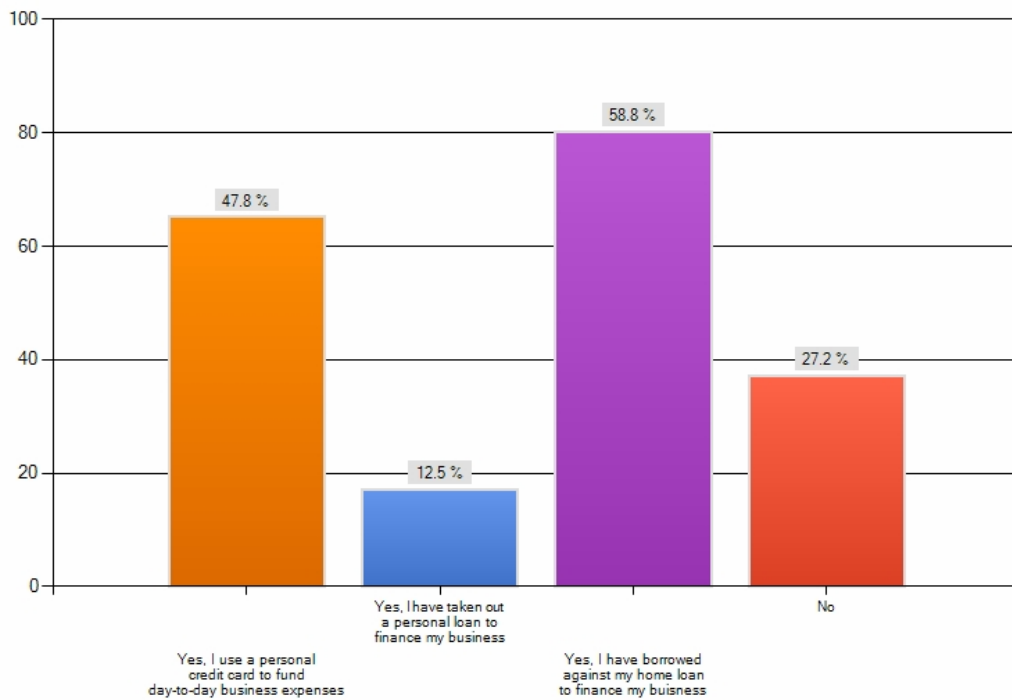
**Did your bank pass on any interest rate hikes to your business following the Reserve Bank's increases of the official cash rate late last year and this year? (You may select more than one answer).**



24. Retailers have noted they are concerned about the availability and affordability of finance. 89 percent of retailers are concerned or very concerned about interest rates on lending facilities, over 77 percent of retailers are concerned or very concerned about current difficulty in accessing finance, over 83 percent of retailers are concerned or very concerned about cash flow.

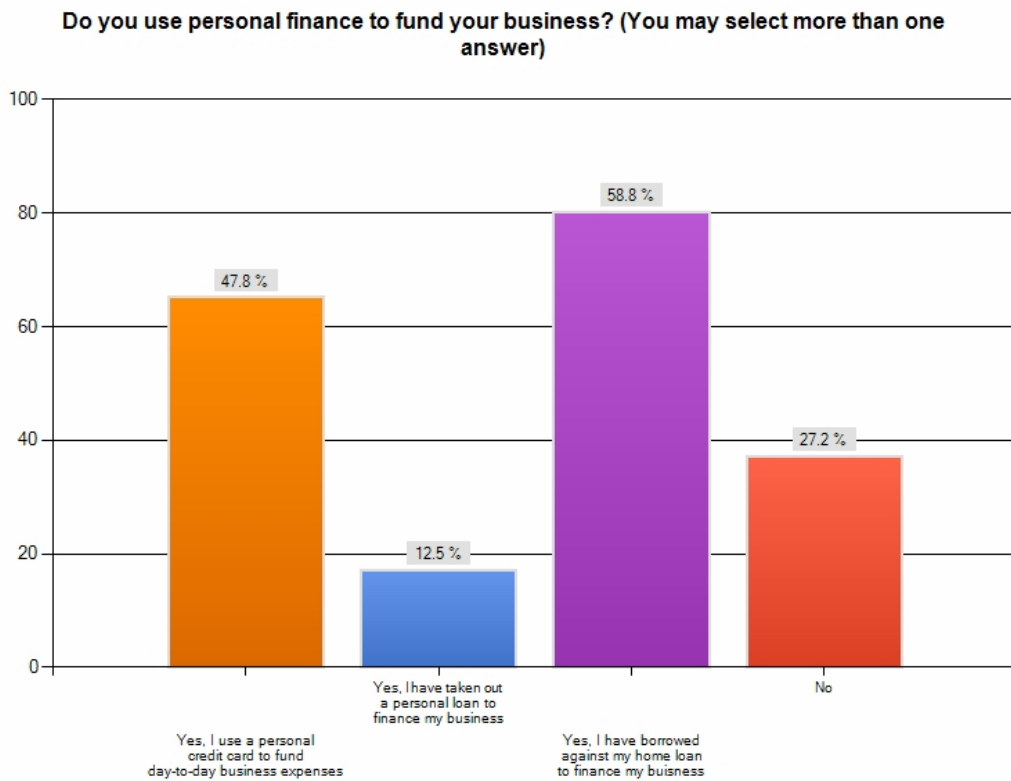
25. Over 72 percent of retailers use personal finance to fund their business. The chart below gives a break down of the personal finance retailers use to fund their business. Over 47 percent of small to medium retailers use a personal credit card to fund day-to-day business expenses, over 12 percent of retailers have taken out a personal loan to finance their business and over 58 percent have borrowed against their homes to finance their business. Only just over 27 percent have never used personal finance for business purposes.

**Do you use personal finance to fund your business? (You may select more than one answer)**



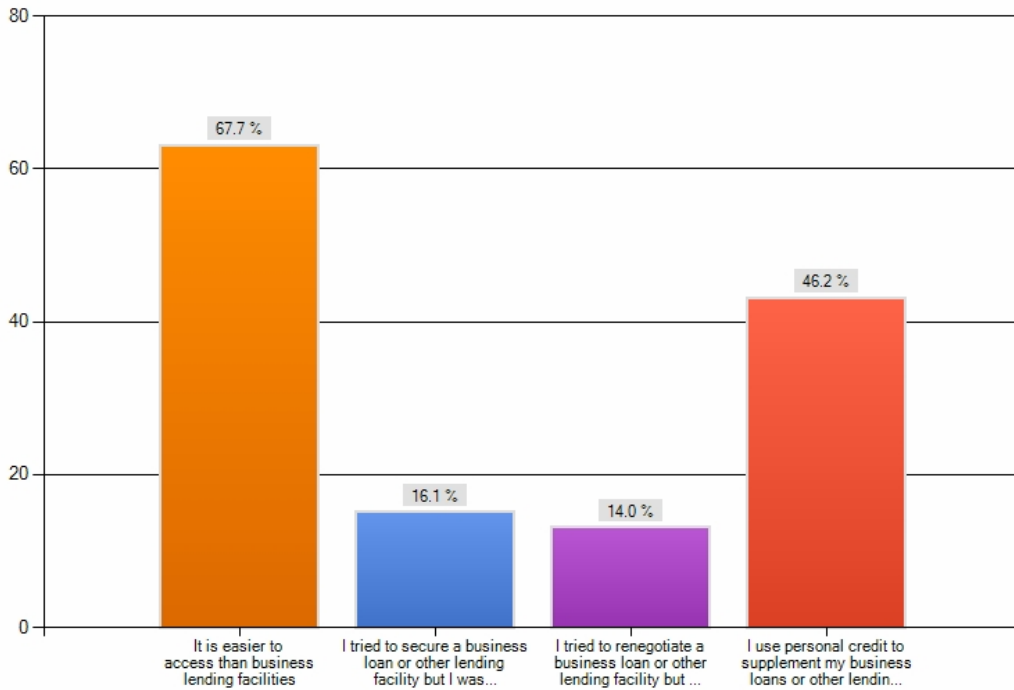
The reasons small to medium retailers use personal finance for business purposes should be directly related to the Committee's considerations because they highlight the difficulties small businesses face in accessing finance. The chart below reveals over 67 percent of retailers who use personal finance to fund their businesses do so because personal finance is easier to access than business loans, over 46 percent use personal finance to supplement business

finance.



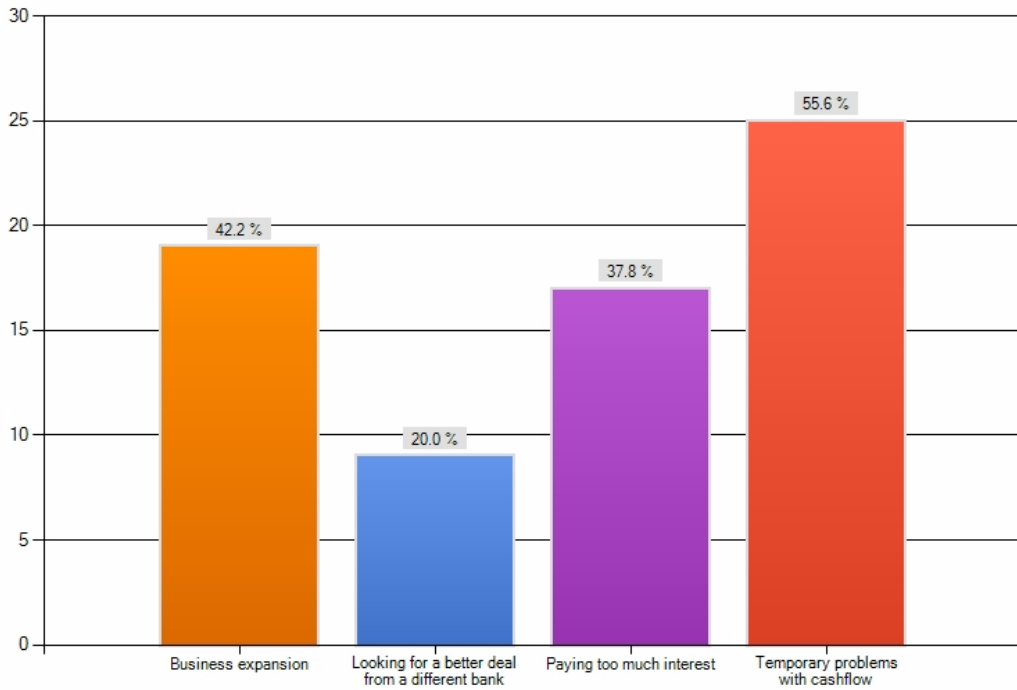
26. The reasons small to medium retailers use personal finance for business purposes should be directly related to the Committee's considerations because they highlight the difficulties small businesses face in accessing finance. The chart below reveals over 67 percent of retailers who use personal finance to fund their businesses do so because personal finance is easier to access than business loans, over 46 percent use personal finance to supplement business finance.

**Why do you use personal credit to finance your business? (You may select more than one answer)**



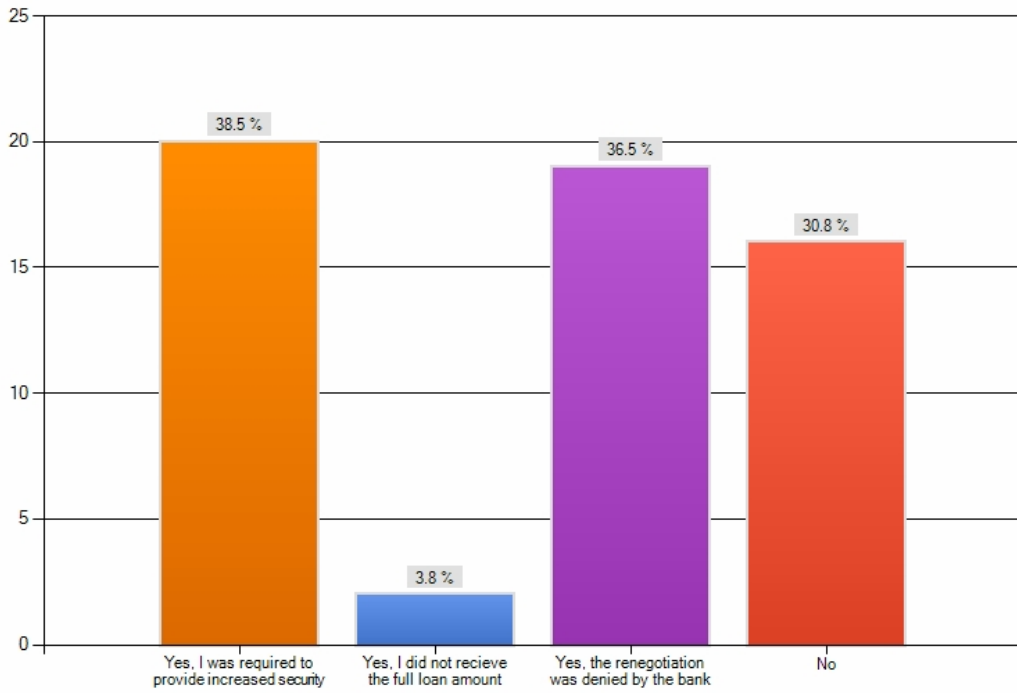
27. Access to finance is imperative for small to medium retailers to manage cash flow and invest in business expansion during this period of continued economic recovery. In the past six months, over 43 percent of small to medium retailers have attempted to renegotiate their lending facilities.
28. The graph below indicates over 42 percent of retailers were looking for finance to fund business expansion, over 55 percent were experiencing temporary problems with cash flow and over 37 percent of small to medium retailers attempted to renegotiate a lending facility because they believed they were paying too much interest.

**What was your reason for renegotiating your lending facility? (You may select more than one answer).**



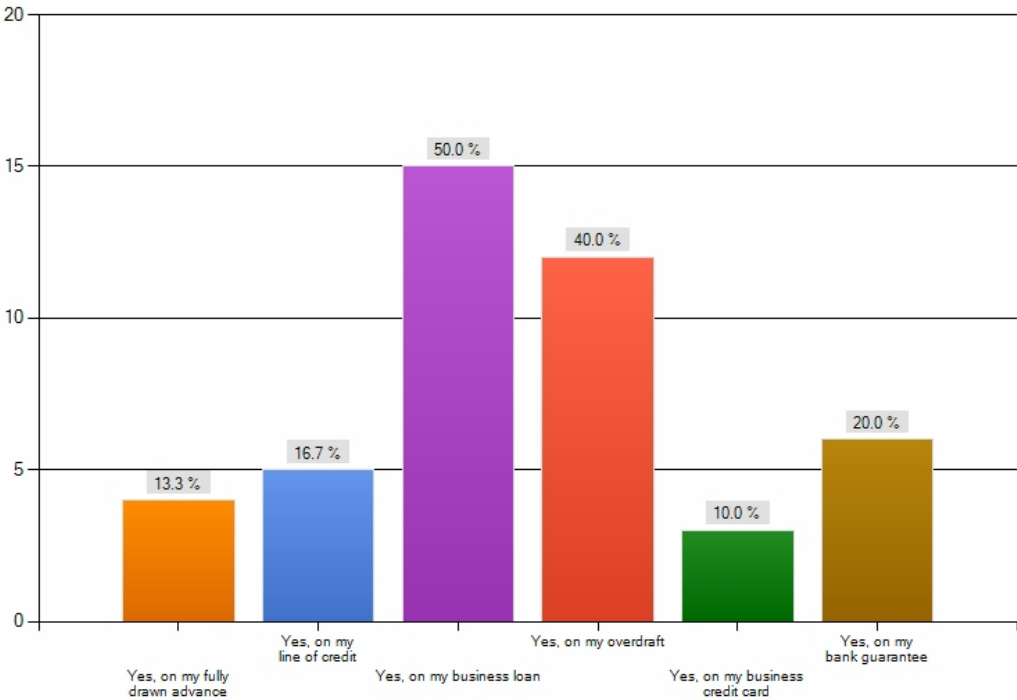
29. Almost 70 percent of those retailers attempting to renegotiate a lending facility had difficulties. The graph below indicates over 38 percent of small retailers who were attempted to renegotiate a loan had to provide extra security and over 36 percent were denied by the bank.

**Did you have difficulties in renegotiating the facility? (You may select more than one answer).**



30. Small to medium retailers reported more stringent security requirements on business loans. Over 20 percent of retailers indicated that in the past 18 months, their bank requested to increase security against loans they already hold. Of those retailers, over 50 percent have had their bank request to increase the security against their business loan, over 40 percent on their overdraft, and 20 percent on their bank guarantee.

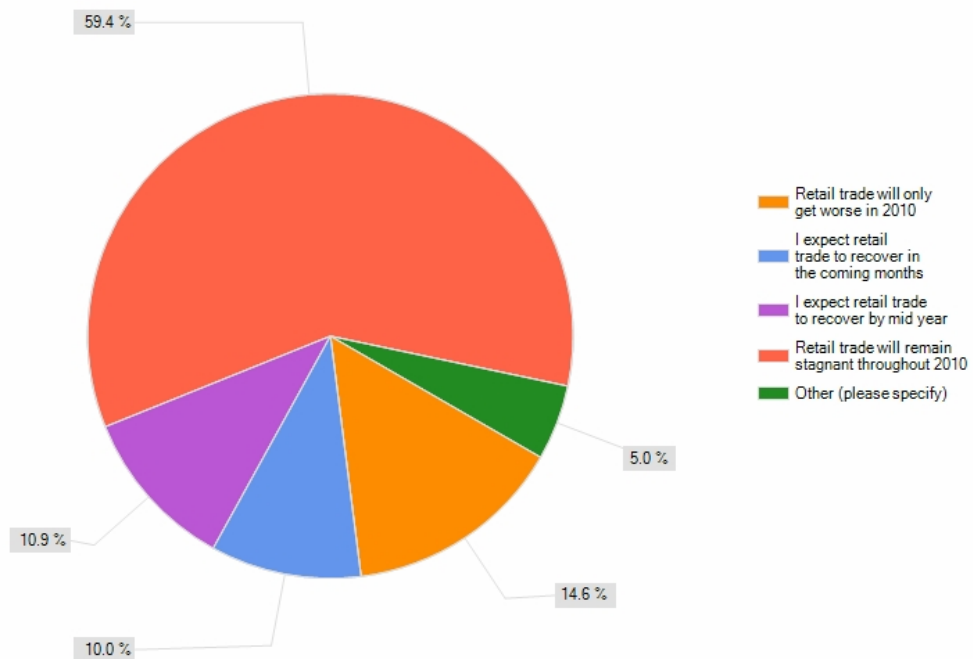
In the past 18 months, has your bank requested to increase your security against any loans or lending facilities you already hold? (You may select more than one answer).



## RETAIL TRADING CONDITIONS

31. The Small Business Access to Finance inquiry is happening within a context of difficult retail trading conditions where access to finance is imperative for small retailers to contribute to job growth and economic recovery.
32. After a year of battered consumer confidence and flattened retail trade in 2008, in 2009 retailers suffered from inconsistent and low sales growth.
33. Almost 60 percent of retailers are expecting 2010 retail trade to remain stagnant (ARA's February Minimum Wage and Budget Snap Poll)

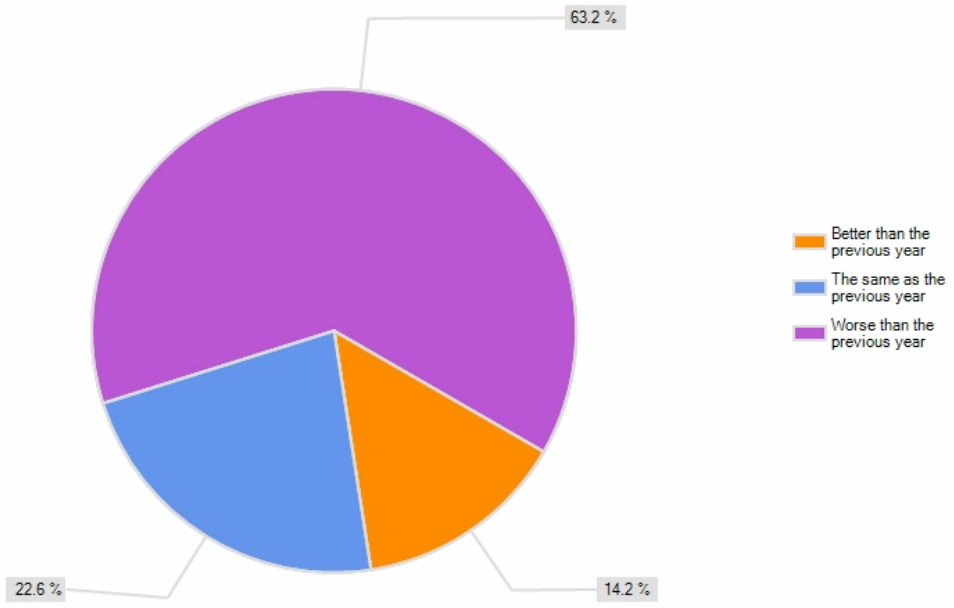
**When looking forward, what do you expect for your business' retail trade 2010?**



34. Over 63 percent of retailers described the 2009 /2010 Christmas/post-Christmas season as worse than the year before (see chart below).



**Describe the Christmas/post-Christmas retail sales season you have just experienced:**



i) Australian Bureau of Statistics (ABS) Retail Trade Trends

35. The ABS Retail Trade table below shows retail trade growth in 2009 peaked at 2.6 percent in March but for most of the year month-on-month sales growth actually decreased (February - 2.2, June -0.7, July -0.8 and December -0.7) or hovered at low levels (January 0.2, April 0.6, May 0.8, August 0.5, September 0.0, October 0.3, November 1.5).

Month	Food retailing	Household goods retailing	Clothing, footwear & personal accessory retailing	Department stores	Other retailing	Cafes, restaurants & takeaway food services	Total
SEASONALLY ADJUSTED (% change from preceding month)							
<b>2008</b>							
October	1.6	0.3	-0.6	-2.8	0.9	1.1	0.6
November	0.8	-1.3	0.7	-0.3	0.0	0.2	0.1
December	2.5	8.9	5.5	8.6	2.7	1.2	4.2
<b>2009</b>							
January	1.6	-3.7	0.7	-0.6	-0.8	3.4	0.2
February	-1.1	-3.9	-3.0	-8.2	0.1	-1.3	-2.2
March	1.2	2.7	6.4	10.8	1.2	1.4	2.6
April	0.1	1.8	2.1	-1.7	0.2	1.7	0.6
May	0.7	-0.6	1.2	2.6	0.9	1.9	0.8
June	-0.3	2.7	-4.6	-6.6	0.0	-0.8	-0.7
July	-0.5	-3.4	-2.1	0.0	0.7	1.1	-0.8
August	0.8	0.3	0.5	1.3	-1.9	1.8	0.5
September	0.1	-0.5	-0.7	-1.8	0.6	1.2	0.0
October	0.0	0.3	-0.4	1.9	-0.2	1.1	0.3
November	1.7	1.5	2.7	1.0	0.3	1.5	1.5
December	-1.3	-0.3	-1.9	-3.5	0.0	2.5	-0.7

Month	Food retailing	Household goods retailing	Clothing, footwear & personal accessory retailing	Department stores	Other retailing	Cafes, restaurants & takeaway food services	Total
SEASONALLY ADJUSTED (\$ million)							
<b>2008</b>							
October	7 454.2	3 435.1	1 501.1	1 489.9	2 612.5	2 205.2	18 698.0
November	7 514.3	3 391.6	1 511.1	1 484.9	2 613.0	2 210.6	18 725.6
December	7 701.9	3 692.4	1 593.5	1 611.9	2 683.4	2 238.2	19 521.3
<b>2009</b>							
January	7 825.6	3 556.0	1 604.6	1 602.5	2 663.2	2 313.7	19 565.6
February	7 739.9	3 416.0	1 556.2	1 471.7	2 667.2	2 283.6	19 134.5
March	7 830.4	3 506.6	1 656.3	1 631.2	2 699.7	2 315.3	19 639.5
April	7 836.7	3 569.1	1 690.3	1 602.8	2 704.7	2 354.7	19 758.3
May	7 893.1	3 546.1	1 709.9	1 645.1	2 729.2	2 398.7	19 922.1
June	7 870.0	3 643.2	1 631.1	1 537.2	2 728.6	2 379.4	19 789.5
July	7 829.7	3 518.2	1 597.4	1 537.0	2 747.1	2 405.6	19 635.0
August	7 891.0	3 529.5	1 605.3	1 557.6	2 694.6	2 448.1	19 726.1
September	7 896.8	3 511.3	1 593.9	1 530.0	2 712.1	2 476.8	19 721.1
October	7 895.1	3 522.1	1 588.0	1 559.1	2 705.6	2 505.2	19 775.0
November	8 026.8	3 576.1	1 630.5	1 574.1	2 713.5	2 542.6	20 063.7
December	7 920.2	3 566.9	1 598.8	1 519.4	2 714.2	2 605.8	19 925.3

36. The latest available ABS Retail Trade figures are for January 2010 and indicate a 1.2 percent rise in sales. The rise was coming off a low base after a 0.9 percent fall in December sales was lower than retailers anticipated. The ARA has publicly described the 09/10 post-Christmas sales period as 'dismal' (*ARA Media Release 2 March 2010 'Dismal January retail trade points to soft post-Christmas sales'*)
37. The tables below indicate that when compared to January 2008, this year there was a three percent growth in retail sales. Comparatively, year-on-year growth from January 2007 to January 2008 was about 6.3 percent.

Month	Food retailing	Household goods retailing	Clothing, footwear & personal accessory retailing	Department stores	Other retailing	Cafes, restaurants & takeaway food services	Total
SEASONALLY ADJUSTED (\$ million)							
<b>2008</b>							
November	7 517.3	3 396.2	1 514.5	1 484.9	2 614.0	2 205.8	18 732.6
December	7 696.9	3 686.9	1 593.9	1 613.8	2 684.7	2 239.9	19 516.2
<b>2009</b>							
January	7 819.5	3 553.8	1 607.0	1 589.0	2 663.4	2 317.9	19 550.5
February	7 734.7	3 417.4	1 553.3	1 472.1	2 668.1	2 286.1	19 131.7
March	7 831.5	3 505.7	1 654.4	1 627.8	2 699.4	2 319.0	19 637.7
April	7 837.7	3 569.9	1 685.8	1 603.1	2 702.3	2 354.3	19 753.1
May	7 893.6	3 548.4	1 707.7	1 642.1	2 729.9	2 405.3	19 927.0
June	7 874.1	3 640.0	1 631.3	1 539.4	2 728.3	2 376.0	19 789.1
July	7 829.7	3 519.3	1 596.8	1 538.5	2 743.9	2 405.2	19 633.5
August	7 897.1	3 530.7	1 606.1	1 563.5	2 692.1	2 445.0	19 734.7
September	7 899.6	3 513.7	1 590.8	1 532.0	2 711.6	2 475.5	19 723.1
October	7 896.7	3 520.6	1 592.8	1 564.6	2 709.7	2 497.0	19 781.4
November	8 035.7	3 582.5	1 637.7	1 580.4	2 714.2	2 532.9	20 083.4
December	7 908.7	3 560.1	1 597.0	1 517.1	2 718.6	2 606.7	19 908.2
<b>2010</b>							
January	8 012.8	3 581.5	1 643.1	1 626.4	2 755.5	2 525.6	20 144.9

38. A comparison of retail trade growth in the 08/09 post-Christmas sales period and the 09/10 post-Christmas sales period infers the impact of the stimulus package artificially inflated the 08/09 Christmas and post-Christmas sales results. In the 09/10 holiday period, retailers are seeing a more accurate reflection of consumer trepidation after successive interest rate rises and without help from government hand outs.

39. Retailers have fallen well short of projections of \$6.77 billion (4.1 percent growth). Early indications are pointing towards a growth more like 2.2 percent or \$6.66 billion.

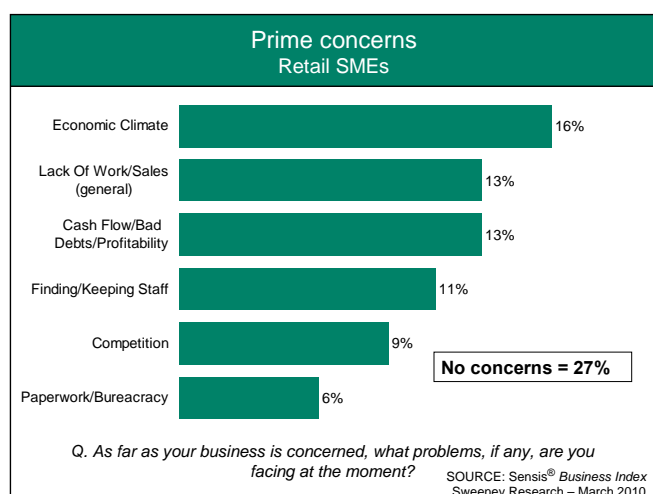
40. In January sales rose across five industry groups: Department Stores (7.2%), Clothing, Footwear & Other Personal Accessory Retailing (2.9%), Other Retailing (1.4%), Food Retailing (1.3%) and Household Goods Retailing (0.6%). Sales fell in Cafes, Restaurants & Takeaway Food Services (-3.1%).

41. South Australia (3.7%) recorded the strongest growth in sales in January, followed by Western Australia (2.6%), Victoria (1.5%), the Australian Capital Territory (0.8%), Queensland (0.7%), the Northern Territory (0.6%) and New South Wales (0.4%). Tasmania was unchanged in January.

42. Retail trade for 2009 and January 2010 should be considered by the Committee as it directly impacts retailers' bottom line and affects their ability to employ and invest in business expansion or capital.

## ii) ARA Australian Retailers Index

43. The ARA Australian Retailers Index for the March quarter showed cash flow was among the top two concerns for retailers in December 2009 and January to February 2010. The economic issue most likely to be causing problems for retail SMEs was a view that consumers were not spending. The level of problems in the retail sector remains above average, with SMEs in the retail trade sector were less likely to report not currently facing any problems in their business than the rest of the sector. The chart below overviews retail SMEs' prime concerns in the March 2010 quarter.



44. With Australian retailers reporting falling confidence levels, there was also weakness in the key economic indicators of capital expenditure for retailers in the March 2010 quarter. In fact the graph below indicates capital expenditure performance for small retailers has been in the net negative since February 2009. In the March 2010 quarter, 25 percent of small retailers experienced a decrease in their capital expenditure.

45. The decrease in capital expenditure by retailers over the past 12 months would be positively impacted by access to affordable, timely and accessible finance for business expansion and small business capital investment.

Capital expenditure - retailers					
	Feb 09	Jun 09	Aug 09	Dec 09	Feb 10
<b>Last Quarter</b>					
Experienced increase	15%	16%	23%	18%	22%
No change	49%	46%	51%	4%	50%
Experienced decrease	34%	37%	25%	36%	25%
<b>*Net Balance</b>	<b>-19%</b>	<b>-21%</b>	<b>-2%</b>	<b>-18%</b>	<b>-3%</b>
<b>Current Quarter</b>					
Expect increase	19%	26%	28%	23%	16%
No change	40%	41%	45%	54%	41%
Expect decrease	40%	31%	27%	23%	42%
<b>*Net Balance</b>	<b>-21%</b>	<b>-5%</b>	<b>+1%</b>	<b>0%</b>	<b>-26%</b>

SOURCE: Sensis® Business Index  
Sweeney Research – March 2010

46. Last month, over 63 percent of small retailers told the ARA they are concerned or very concerned or concerned about investing in new business equipment (see table below). Affordable and timely access to finance would promote business investment for small retailers.

Please use the scale below to indicate your business concerns for 2010/2011					
	Very concerned	Concerned	Not concerned at all	Rating Average	Response Count
Maintaining staff hours	35.7% (80)	48.7% (109)	15.6% (35)	1.80	224
Holding onto current staff	26.9% (60)	48.8% (109)	24.2% (54)	1.97	223
Employing new staff	32.9% (72)	32.4% (71)	34.7% (78)	2.02	219
Managing wage bill increases as a result of Fair Work and the Modern Retail Award	62.6% (140)	29.9% (67)	7.6% (17)	1.45	224
Understanding new industrial relations laws	44.0% (99)	44.4% (100)	11.6% (26)	1.68	225
Updating business practices to comply with new workplace laws	35.9% (80)	48.8% (111)	14.3% (32)	1.78	223
Investing in business equipment	29.9% (67)	33.9% (76)	38.2% (81)	2.06	224
Consumer demand	43.8% (96)	47.5% (104)	8.7% (19)	1.65	219
Consumer confidence	50.6% (108)	44.0% (96)	5.6% (12)	1.55	216
Running a small business with sustainable, clean and affordable energy supplies	31.5% (70)	40.6% (90)	27.9% (62)	1.96	222
Training and education opportunities for my employees	15.6% (35)	48.7% (109)	35.7% (80)	2.20	224
					answered question
					225
					skipped question
					31

## RETAIL – AUSTRALIA'S LARGEST EMPLOYER

47. ARA's submission has taken into the importance of the retail sector to job growth and economic recovery.

48. The retail industry as at December 2009 contributed 4.5% of Australia's Gross Domestic Product<sup>4</sup> (GDP) and is the largest employer in Australia, providing 11% of all jobs with total retail employment at 1,196 million. More than half of these employees are employed on a part-time or casual basis. (Australian Bureau of Statistics).

49. The retailers are employers of choice for young people, in fact most Australian's start their careers in retail with shifts after school hours during the Monday – Friday working week and on weekends.

50. The Global Financial Crisis and Australia's Economic downturn has threatened jobs in the retail sector as cash flow tightens and access to affordable finance becomes increasingly difficult.

51. The next section provides an overview of retail employment patterns throughout the GFC and outlines retailer plans for employment over the next 12 months as a direct result of economic conditions.

52. ACCI's Economic Brief for Labour Force Figures (February 2010) stated the following:

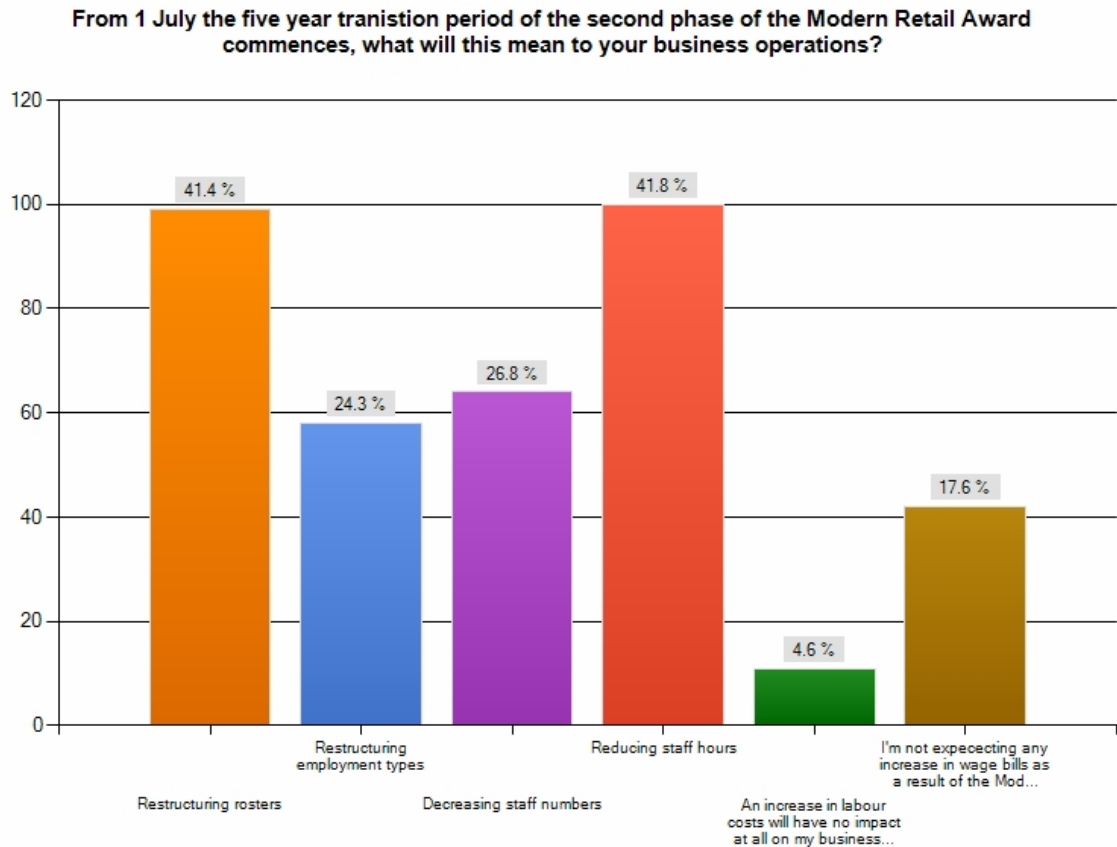
*Employment growth stalled in February with the economy adding a paltry +400 new positions against economists' expectations that +15k new jobs would be created in the month...*

*With job creation stalling in February and the labour force continuing to swell, the net result was a +0.1ppt rise in the unemployment rate to 5.3 per cent (mkt 5.3 per cent). The unemployment rate in January was actually revised down to 5.2 per cent, so this represented a slight deterioration in labour market conditions. A decline in the participation rate, -0.1ppt to 65.2 per cent in February assisted in limiting the increase in the unemployment rate.*

53. Although, unemployment figures have been lowering over the past five months, underemployment is still a significant issue. After reaching a record three decade high of 7.8 per cent in August 2009, the rate underemployment eased only slightly in February 2010, down -0.2ppts to 7.6 per cent. The ARA has publicly stated retailers are doing the right thing by trying their hardest to hold onto staff but the strain on wage bills means full time employees are becoming part-timers and casual and part-time hours are being cut back.

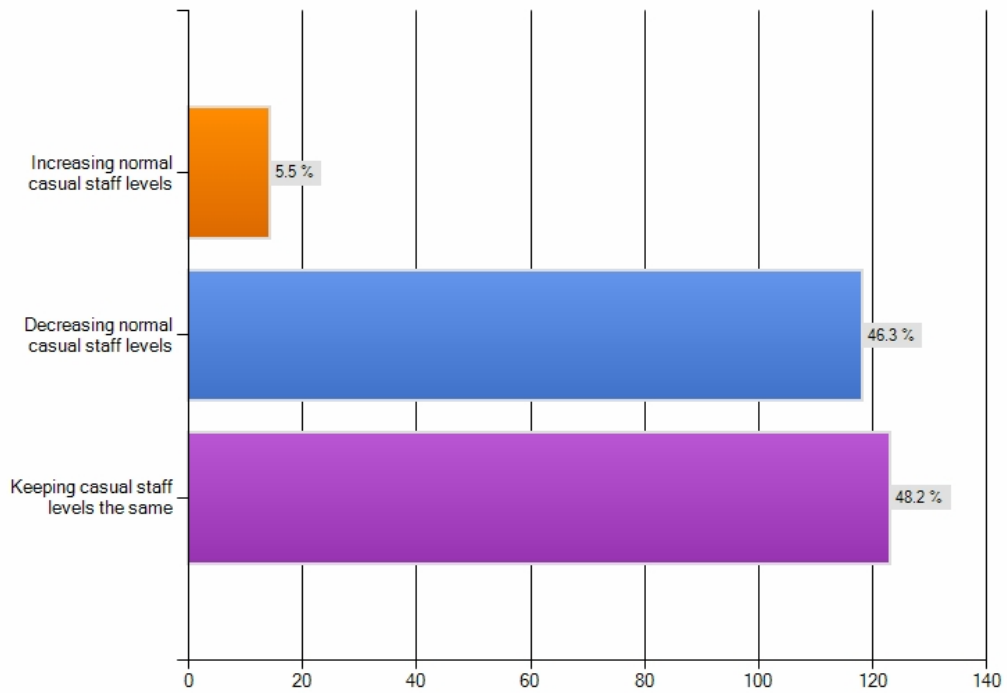
### i) ARA Snap Poll (February 2010) – Retail employment plans

54. ARA member feedback (ARA Minimum Wage and Budget Snap Poll, February 2010) confirmed job growth in the retail sector was being negatively impacted by economic conditions. Over 46 percent of retailers are planning on decreasing casual staff levels in the next 12 months. Over 39 percent of retailers are planning on decreasing part-time staff levels in the next 12 months and over 36 percent of retailers are planning on decreasing permanent staff levels over the next 12 months. (See charts below).

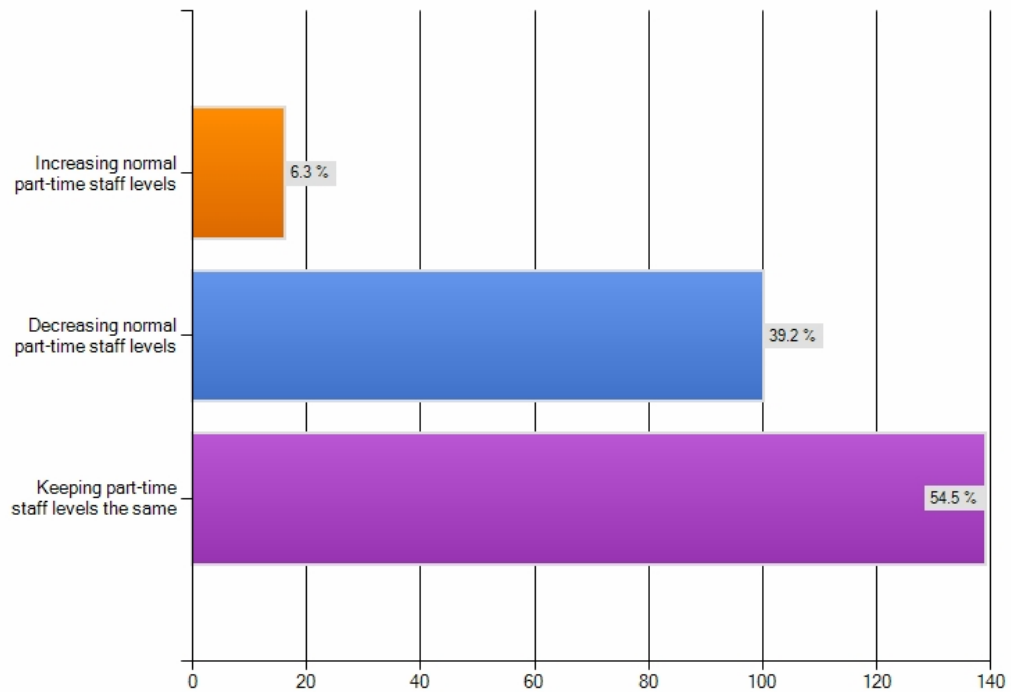




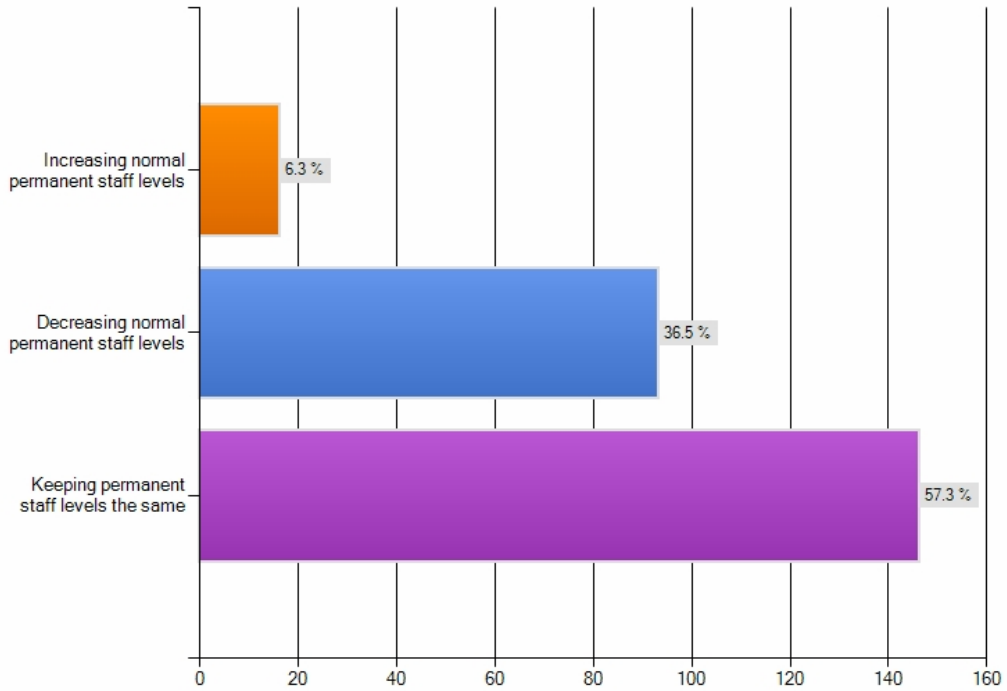
With the economic climate and new industrial relations laws in mind, please indicate your plans for casual employment over the next six to 12 months



With the economic climate and new industrial relations laws in mind, please indicate your plans for part-time employment over the next six to 12 months



**With the economic climate and new industrial relations laws in mind, please indicate your plans for permanent employment over the next six to 12 months**



55. Retail plans to reduce staff hours, shed staff and stall job growth in current economic conditions and with limited access to affordable finance should be considered by the Committee.

## CONCLUSION

56. The retail industry's submissions should be key in assisting the FWA review minimum wages in Australia for the following reasons:

- The retail industry makes a significant contribution to the overall state of the national economy;
- The retail industry employs more people in Australia than any other industry;
- The retail industry employs more juniors than any other industry;

57. The ARA submits that the Committee must consider to changes to promote competitiveness in Australia's banking sector to ensure access to finance is affordable, timely and accessible for small retailers who are Australia's largest employer and contribute significantly to Australia's GDP.

*ARA Australian Retailers*  
**Index**

**MARCH 2010**



**In this issue:**

- Retailer confidence
- Retailer concerns
- Sales, profitability and employment
- Capital expenditure, wages and prices
- Assessment of Federal Government policies

# Australian Retailers Association

## *Australian Retailers Index*



March 2010



# Table of Contents

<b>INTRODUCTION</b>	<b>4</b>
<b>EXECUTIVE SUMMARY</b>	<b>5</b>
<b>ABOUT THE SURVEY</b>	<b>6</b>
<b>AUSTRALIAN RETAILERS INDEX – MARCH 2010</b>	<b>7</b>
Confidence in own business prospects over the next twelve months	7
Concerns of Australian retailers	8
Sales, profitability and employment	9
Capital expenditure, wages and prices	10
Assessment of Federal Government policies	11

# Introduction

The ARA Australian Retailers Index is an initiative of the Australian Retailers Association, and aims to track the confidence and behaviour of small and medium enterprises (SMEs).

As the peak industry body for Australia's \$292 billion retail sector, it is imperative the ARA is listening to the issues, concerns and struggles of retailers now more than ever before.

Of course, to be a highly effective peak advocate for retailers the ARA must be committed to producing quality research. Only by canvassing the sentiments of the retail sector can we achieve an environment truly conducive to retail industry growth and development.

The ARA Australian Retailers Index provides a snap shot of the retail sector every quarter in the following categories: Retailer confidence; retailer concerns; sales, profitability and employment; capital expenditure; wages and prices and assessment of Federal Government policies.

The results of the ARA Australian Retailers Index assist the ARA to maintain strong links with government and influence and direct policy that may affect the retail industry. The focus of the Association is and will remain on the needs of our members, at both state and national levels, and is reflected in all aspects of our operations, from the management of national policy issues to the way the ARA deals with state specific matters.

The primary objectives of the Australian Retailers Index are to track small and medium retailers' activity over the past three months; expectations over both the next three and 12 months; and to measure overall confidence within the small business community. A second purpose is to provide an independent, objective channel for reporting proprietors' experience and attitudes on key issues.

The Australian Retailers Index analyses the Sensis® *Business Index* results for those businesses which are in the retail sector, and compares results for retail SMEs with SMEs in general.

The Sensis® *Business Index* is an initiative of Sensis as part of its commitment to this vital business sector.



# Executive Summary

Australian retailers recorded strong declines in business confidence in the past quarter, with confidence falling to its lowest level since June 2009.

Confidence for Australian retailers fell by 16 percentage points over the past quarter to bring it to an overall net balance of positive 24 percent, reflecting that 24 percent more Australian retailers felt confident about their business prospects than concerned. This was lower than the positive 49 per cent net balance recorded for SMEs overall, and was the lowest level of confidence and largest fall recorded for any industry sector.

With a continued decline in confidence evident this quarter, SME retailers who were concerned about their prospects reported a perception that people were not spending and a decrease in business as the primary reasons for subdued confidence levels.

For those retailers that remained confident this quarter, a view they were established and experienced in their business operations, as well a perception their business was improving and a lack of nearby competitors were cited as the key reasons that they were confident.

The main problem facing Australian retailers this quarter was economic conditions, and in particular a view that consumers were not spending and a perception that consumers were lacking confidence. A lack of work or sales and cash flow were also causing significant problems for Australian retailers in the past quarter, with both of these issues up by one percentage point. Overall, retail SMEs reported a higher level of problems than average, with SMEs in the retail trade sector again the least likely to report not currently facing any problems in their business.

Despite the more pessimistic views this quarter, there were some improvements in performance in the key economic indicators of sales, profitability and capital expenditure for retailers this quarter. However, despite the improvement, these indicators remained net negative overall. In fact, there has not been a net positive sales result for retail SMEs since February 2008 and a net positive profitability result since November 2007, indicating that for retail SMEs recovery from the global economic downturn has yet to be fully realised. Looking forward, Australian retailers were anticipating results to deteriorate further, which emphasises the overall level of pessimism that has been displayed by retail SMEs this quarter

In line with these views, Australian retailers again recorded a strong fall in support levels for Federal Government policies with their views on balance decreasing by 25 percentage points in the past quarter, on top of the 14 percentage point reduction recorded the previous quarter. While reasons relating to the economic stimulus package remained the driving positive factor behind those SME retailers who reported positive views towards government policies, most retail SMEs were more likely to report that government policies were working against the interests of small businesses, with a view that the Federal Government did not understand small business as the most common reason behind those views.

## About the Survey

The Australian Retailers Index analyses the Sensis® *Business Index* results for those businesses which are in the retail sector, and compares results for retail SMEs with SMEs in general.

Since its inception in 1993, the Sensis® *Business Index* has been one of the most extensive and regular surveys of small businesses in Australia. Historically, the Sensis® *Business Index* has focused specifically on businesses employing 19 people or fewer. In November 2000 it was expanded to cover the medium business sector, while the regional and industrial sectors were also enhanced.

The March 2010 Sensis® *Business Index* results are based on telephone interviews conducted with 1,800 small and medium business proprietors. The sample size is divided between 1,400 small businesses and 400 medium businesses (the latter defined as businesses employing between 20 and 199 people). This sample included 250 retail businesses.

Businesses interviewed for the March 2010 Sensis® *Business Index* were drawn from all metropolitan and major non-metropolitan regions within Australia. Quotas were set on geographical location and type of business in order to produce the standard sample structure shown below. Where replacement businesses are recruited, this sample structure is maintained.

At the analysis stage, results were weighted by selected Australian New Zealand Standard Industrial Classification (ANZSIC) divisions within the metropolitan and non-metropolitan region of each state and territory. This ensured the sample reflected the actual small and medium business population distribution. The Australian Bureau of Statistics (ABS) Business Register, as at June 1998, was used to weight the sample to be representative of the total business population.

The Sensis® *Business Index* asks for the industry that each business is involved in and for retail businesses, the type of retail location. The results for retailers are then used for the *Australian Retailers' Index*.

All results in the *Australian Retailers Index* are based on the responses of those businesses surveyed. Results are reported as a net balance, which represents the total number of positive responses minus the total number of negative responses.

# Australian Retailers Index – March 2010

## Confidence in own business prospects over the next 12 months

The March 2010 *Australian Retailers Index* found confidence amongst small and medium retailers (SMEs) fell sharply in the past quarter with a net balance of positive 24 percent. The result for March 2010 was in the context of a small fall in overall SME confidence in a single quarter, which was down three percentage points. The fall recorded for retail SMEs was larger than the average decrease, with retail SME confidence down 16 percentage points, following a 22 percentage point decrease in the December quarter.

Retail SMEs recorded declining business confidence with a net balance result of net positive 24 per cent. This comprised of 50 percent of retail SMEs that were confident about their business prospects for the year ahead and 26 per cent that were worried, resulting in the falling result. These figures compare with net confidence of positive 49 percent for SMEs across all sectors. The fall in confidence recorded by retail SMEs was both the lowest result and the largest fall in confidence recorded by any industry sector.

The main reasons SMEs in the retail sector lacked confidence were predominantly aligned with economic factors, including a view that people were not spending coupled with a decrease that they had noticed in their business. Key reasons for retailers feeling confident included feeling that they were established and experienced in their business operations as well as a view that business was improving in general.

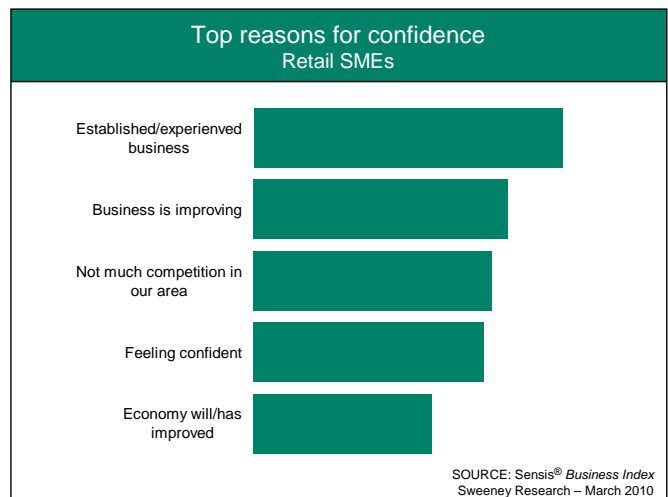
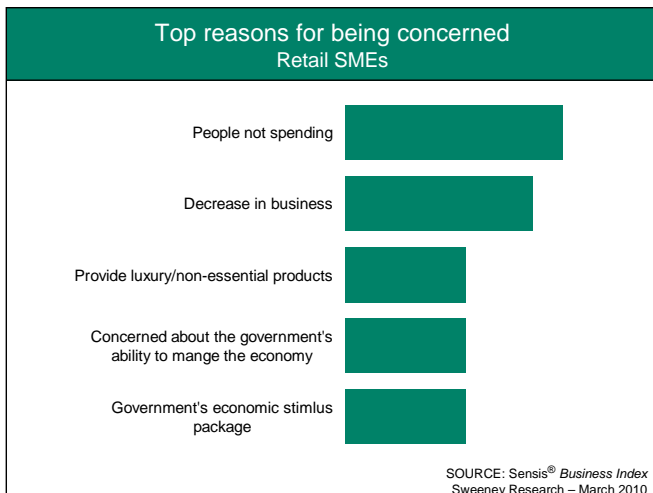
Retail confidence March 2010		
	Small and medium retailers	All small and medium business
Extremely confident	7%	11%
Fairly confident	43%	53%
Neutral	24%	21%
Fairly worried	21%	13%
Extremely worried	5%	2%
Total confident	50%	64%
Total worried	26%	15%
<b>*Net Balance</b>	<b>+24%</b>	<b>+49%</b>

*Q. Thinking about the next twelve months, how confident do you feel about your business prospects?*

SOURCE: Sensis® Business Index  
Sweeney Research – March 2010

Retail confidence trends - past five quarters					
	Feb 09	Jun 09	Sep 09	Dec 09	Mar 10
Extremely confident	4%	8%	9%	8%	7%
Fairly confident	33%	42%	52%	51%	43%
Neutral	17%	20%	18%	22%	24%
Fairly worried	31%	27%	20%	11%	21%
Extremely worried	12%	5%	1%	8%	5%
Total confident	37%	50%	61%	59%	50%
Total worried	43%	32%	21%	19%	26%
<b>*Net Balance</b>	<b>-6%</b>	<b>+18%</b>	<b>+40%</b>	<b>+40%</b>	<b>+24%</b>

SOURCE: Sensis® Business Index  
Sweeney Research – March 2010



## Concerns of Australian retailers

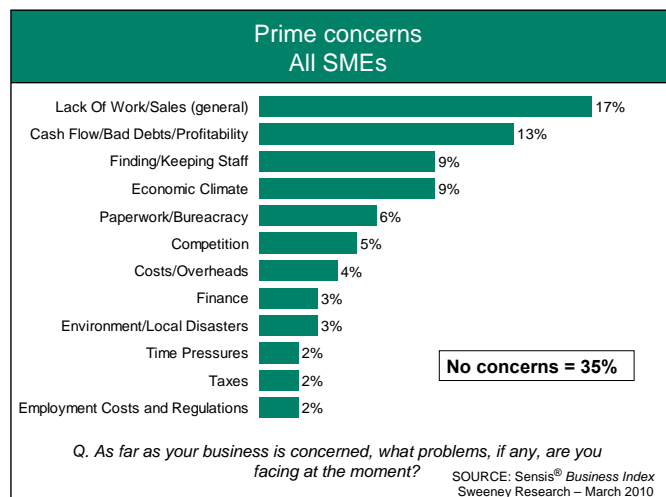
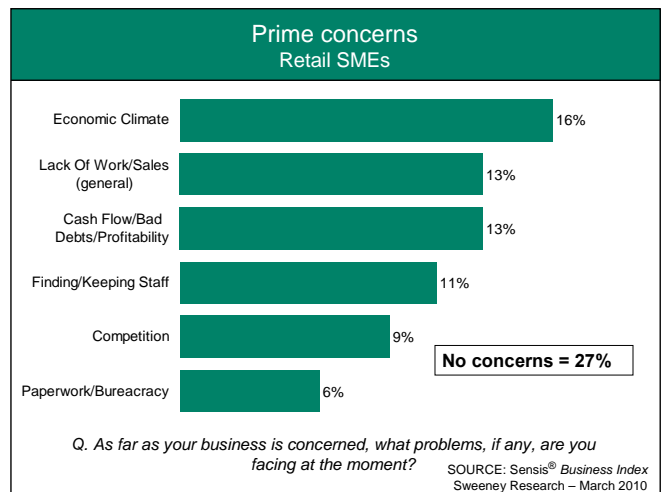
The most common concerns for Australian retailers this quarter was the economic climate, which was reported as a problem by 16 percent of retail SMEs. This issue has increased from 12 percent in the December quarter. The main area of economic climate that Australian retailers were reporting concern about was people not spending, followed by concerns about the current level of consumer confidence.

The level of concern that retailers displayed about the economic climate was significantly higher than in the general SME population, where only nine percent reported that the economic climate was currently causing problems for their business.

The next highest concerns for Australian retailers this quarter were a lack of work or sales and cash flow. These issues were both reported by 13 per cent of retail SMEs, with both issues also having risen by one percentage point in the past quarter. Overall, a lack of work and sales was the greatest concern for SMEs in general, with 17 per cent saying that they were concerned about this issue, which was up by two percentage point this quarter.

The level of problems reported by Australian retailers with cash flow was up one percentage point from the previous quarter at 13 per cent, and was the same as the case for SMEs overall.

Overall 27 per cent of retailers reported currently having no significant problems affecting their businesses. This was significantly lower than the 35 per cent of SMEs on average that reported having no concerns in the past quarter, and is up one percentage points in the past quarter. Retail SMEs were the least likely to report facing no problems of any sector in March 2010.



## Sales, profitability and employment

### Sales

Sales performance improved slightly in the past quarter, up two percentage points to a net balance of negative 11 per cent of Australian retailers reported having increased their sales over the past quarter. Despite the increase, this result was significantly lower than the result for SMEs in general.

Retailers were expecting a drop in the net proportion of retailers expecting sales increases. A net positive 13 per cent of retailers were expecting to increase their sales, down by 25 percentage points since the last quarter. This was the lowest level of sales expectations of any industry sector.

### Profitability

In line with the small improvement in sales performance, retailers reported a small increase in profitability performance over the last quarter. A net balance of negative 17 percent of retailers reported a net increase in profitability, up five percentage points from a net negative 22 percent in the previous quarter.

Looking ahead, there were expectations for a significant fall in the net proportion of retailers expecting profitability increases. A net positive 11 percent of retailers were expecting to increase their profitability, down by 19 percentage points in the past quarter. The profitability expectations of retail SMEs were the lowest of any industry sector.

### Employment

While sales and profitability performance improved, Australian retailers reported a significant fall in employment over the past quarter. The 10 percent of retailers who reported increasing their employment in the past quarter was significantly below the 17 percent reporting a decrease. The resulting net balance, at a net negative seven percent, was a fall of nine percentage points since the previous quarter.

Looking forward, retailers reported softer expectations with positive three percent of retailers expecting to increase their employment levels in the coming quarter, down five percentage points.

#### Value of sales - retailers

	Feb 09	Jun 09	Aug 09	Dec 09	Feb 10
<b>Last Quarter</b>					
Experienced increase	28%	31%	32%	32%	32%
No change	25%	25%	30%	23%	24%
Experienced decrease	46%	45%	37%	45%	43%
<b>*Net Balance</b>	<b>-18%</b>	<b>-14%</b>	<b>-5%</b>	<b>-13%</b>	<b>-11%</b>
<b>Current Quarter</b>					
Expect increase	19%	33%	52%	50%	36%
No change	28%	39%	35%	38%	41%
Expect decrease	53%	27%	13%	12%	23%
<b>*Net Balance</b>	<b>-34%</b>	<b>+6%</b>	<b>+39%</b>	<b>+38%</b>	<b>+13%</b>

SOURCE: Sensis® Business Index  
Sweeney Research – March 2010

#### Profitability - retailers

	Feb 09	Jun 09	Aug 09	Dec 09	Feb 10
<b>Last Quarter</b>					
Experienced increase	29%	20%	24%	22%	23%
No change	25%	35%	35%	33%	37%
Experienced decrease	43%	46%	40%	44%	40%
<b>*Net Balance</b>	<b>-18%</b>	<b>-26%</b>	<b>-16%</b>	<b>-22%</b>	<b>-17%</b>
<b>Current Quarter</b>					
Expect increase	19%	32%	37%	44%	31%
No change	29%	45%	49%	42%	49%
Expect decrease	51%	22%	13%	14%	20%
<b>*Net Balance</b>	<b>-32%</b>	<b>+10%</b>	<b>+24%</b>	<b>+30%</b>	<b>+11%</b>

SOURCE: Sensis® Business Index  
Sweeney Research – March 2010

#### Size of workforce - retailers

	Feb 09	Jun 09	Aug 09	Dec 09	Feb 10
<b>Last Quarter</b>					
Experienced increase	11%	16%	12%	12%	10%
No change	65%	68%	75%	78%	73%
Experienced decrease	23%	16%	13%	10%	17%
<b>*Net Balance</b>	<b>-12%</b>	<b>0%</b>	<b>-1%</b>	<b>+2%</b>	<b>-7%</b>
<b>Current Quarter</b>					
Expect increase	11%	5%	20%	10%	11%
No change	81%	85%	74%	87%	80%
Expect decrease	8%	10%	5%	2%	8%
<b>*Net Balance</b>	<b>+3%</b>	<b>-5%</b>	<b>+15%</b>	<b>+8%</b>	<b>+3%</b>

SOURCE: Sensis® Business Index  
Sweeney Research – March 2010

## Capital expenditure, wages and prices

### Capital expenditure

Retailers saw a strong improvement in capital expenditure despite the indicator remaining net negative overall. A net balance of a negative three per cent of retailers reported having increased their capital expenditure over the past quarter, up 15 percentage points from the previous quarter. This compares to a result of net negative one per cent for SMEs in all sectors.

Expectations fell sharply however, with net negative 26 percent reporting an expected increase in the current quarter. This result was down by 26 percentage points in the past quarter, and was the lowest result of any industry sector.

Capital expenditure - retailers					
	Feb 09	Jun 09	Aug 09	Dec 09	Feb 10
<b>Last Quarter</b>					
Experienced increase	15%	16%	23%	18%	22%
No change	49%	46%	51%	4%	50%
Experienced decrease	34%	37%	25%	36%	25%
<b>*Net Balance</b>	<b>-19%</b>	<b>-21%</b>	<b>-2%</b>	<b>-18%</b>	<b>-3%</b>
<b>Current Quarter</b>					
Expect increase	19%	26%	28%	23%	16%
No change	40%	41%	45%	54%	41%
Expect decrease	40%	31%	27%	23%	42%
<b>*Net Balance</b>	<b>-21%</b>	<b>-5%</b>	<b>+1%</b>	<b>0%</b>	<b>-26%</b>

SOURCE: Sensis® Business Index  
Sweeney Research – March 2010

### Wages

On balance, fewer retailers reported increases in their wages bill over the past quarter. Overall, 25 percent of retailers reported an increase to their wages bill in the past quarter with 18 per cent reporting a decrease. The resulting net balance, at a net positive seven percent, was marginally higher than the average figure of net positive five per cent of SMEs that reported an increased wages bill.

Looking forward, the proportion of retailers expecting their wages bill to increase fell to a net balance of positive 10 per cent, down 11 percentage points in the past quarter. This was lower than the result for SMEs in general, which was net positive 15 per cent.

Wages bill - retailers					
	Feb 09	Jun 09	Aug 09	Dec 09	Feb 10
<b>Last Quarter</b>					
Experienced increase	15%	18%	21%	24%	25%
No change	52%	56%	58%	53%	52%
Experienced decrease	25%	26%	19%	14%	18%
<b>*Net Balance</b>	<b>-10%</b>	<b>-8%</b>	<b>+2%</b>	<b>+10%</b>	<b>+7%</b>
<b>Current Quarter</b>					
Expect increase	18%	16%	28%	27%	19%
No change	60%	71%	64%	65%	67%
Expect decrease	16%	12%	7%	6%	9%
<b>*Net Balance</b>	<b>+2%</b>	<b>+4%</b>	<b>+21%</b>	<b>+21%</b>	<b>+10%</b>

SOURCE: Sensis® Business Index  
Sweeney Research – March 2010

### Prices charged

More retailers reported having increased their prices over the past quarter. Overall, 26 per cent of retailers reported having increased prices in the past quarter with four percent reporting a decrease. The resulting net balance, at a net positive 22 percent, was higher than the average figure for SMEs of 13 percent.

Looking forward, the proportion of retailers expecting to increase their prices in the current quarter rose to net positive 24 per cent.

Prices charged - retailers					
	Feb 09	Jun 09	Aug 09	Dec 09	Feb 10
<b>Last Quarter</b>					
Experienced increase	32%	34%	24%	17%	26%
No change	56%	62%	65%	74%	70%
Experienced decrease	8%	5%	8%	8%	4%
<b>*Net Balance</b>	<b>+24%</b>	<b>+29%</b>	<b>+16%</b>	<b>+9%</b>	<b>+22%</b>
<b>Current Quarter</b>					
Expect increase	36%	27%	22%	25%	27%
No change	59%	70%	74%	70%	70%
Expect decrease	5%	4%	4%	5%	3%
<b>*Net Balance</b>	<b>+31%</b>	<b>+23%</b>	<b>+18%</b>	<b>+20%</b>	<b>+24%</b>

SOURCE: Sensis® Business Index  
Sweeney Research – March 2010

## Assessment of Federal Government policies

### Key findings

Support among Australian retailers for the Federal Government fell, following five quarters of improvement, falling sharply into net negative territory. The approval levels of retailers now sit some 10 percentage points below average.

The net balance result of a negative 23 percent approval rating represented a decrease of 25 percentage points in the past quarter, and follows last quarter's fall of 14 percentage points. The result comprised 15 per cent (down 12 percentage points) of retailers who were supportive of the Federal Government's small business policies, and 38 per cent (up 13 percentage points) that felt their policies worked against small business.

The main reasons Australian retailers believed the Federal Government's policies worked against them were: a view that they did not understand small business, a perception that they were only concerned with larger businesses as well as a view that there was too much bureaucracy and paperwork.

The key reasons given by those retailers who felt the Federal Government's policies were more supportive of small businesses were still related to the Federal Government's efforts to stimulate the economy, with measures such as the one-off cash payments for low income earners, the economic stimulus package in general and the small business being mentioned particularly strongly, as well as a view that the Federal Government was trying to help small businesses.

Attitudes to Federal Government policies Views of retailers					
	Feb 09	Jun 09	Sep 09	Dec 09	Feb 10
Supportive	22%	28%	38%	27%	15%
Work against	27%	25%	22%	25%	38%
No impact	51%	47%	40%	48%	47%
<b>*Net Balance</b>	<b>-5%</b>	<b>+3%</b>	<b>+16%</b>	<b>+2%</b>	<b>-23%</b>

*Q. Thinking about the current Federal Government, do you believe that their policies are supportive of small business, work against small business or have no real impact either way?*

SOURCE: Sensis® Business Index  
Sweeney Research – March 2010

### **About the Australian Retailers Association:**

For over 105 years, The Australian Retailers Association (ARA) has been the peak industry body in Australia's \$292 billion retail sector which employs over 1.5 million people. As an incorporated employer body under the Fair Work (Registered Organisations) Act 2009 and with a range of member services including business consulting, policy development, advocacy and education, the ARA supports and represents over 5,000 retailers throughout Australia.

The ARA's vision is to be the pre-eminent, cohesive nationwide organisation which is recognised as representing the diverse interests of all retailers and is the most effective provider of quality information and services to members, which fosters an environment conducive to their business success.

### **About Sensis:**

Sensis is Telstra's advertising business and Australia's leading directories information resource, helping Australians find, buy and sell. Sensis delivers innovative and integrated local search and digital marketing solutions via print, online, voice and mobile channels to connect Australians 24 hours a day, seven days a week.

Sensis' powerful, multi-channel portfolio provides an unparalleled local information source incorporating the White Pages® and Yellow Pages® directories; the MediaSmart digital advertising business; the Whereis® digital mapping business; the Citysearch® entertainment and lifestyle website; the sensis.com.au search engine; the 1234 operator-assisted, premium voice information service; and the accommodation website gostay.com.au. Sensis is also a partner in some of China's most popular websites including real estate and home furnishings website, SouFun.com; auto websites Autohome.com and Che168.com; and digital devices websites IT168.com and PCPop.com.cn.


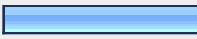
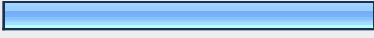
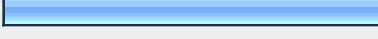
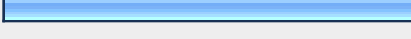
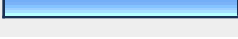
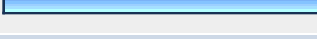
® and ™ Registered trademark and trademark of Telstra Corporation Ltd. Citysearch logo is a registered trade mark of CitySearch Australia Pty Ltd. Sensis Pty Ltd is responsible for Yellow™, White Pages® and Whereis® and related products and services on behalf of Telstra Corporation Ltd and is responsible for similar activities in relation to CitySearch® on behalf of CitySearch Australia Pty Ltd and CitySearch Canberra Pty Ltd.





The material contained in this publication is general only and is not intended as advice on any particular matter. No reader should act or fail to act on the basis of this report. Sensis Pty. Ltd. disclaims to maximum extent permitted by law all liability, costs and expenses incurred by any person in connection with the content of this report.



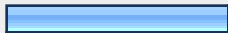

## Small Business access to finance- a quick snap poll

1. Please describe your concern about the following small business financing issues:						
	Very Concerned	Concerned	Not concened	Not sure	Rating Average	Response Count
Interest rates on lending facilities	41.9% (57)	<b>47.1% (64)</b>	9.6% (13)	1.5% (2)	1.71	136
Difficulty in accessing finance	35.9% (47)	<b>41.2% (54)</b>	21.4% (28)	1.5% (2)	1.89	131
Cash flow	<b>51.5% (69)</b>	32.1% (43)	14.9% (20)	1.5% (2)	1.66	134
	<i>answered question</i>					<b>137</b>
	<i>skipped question</i>					<b>0</b>

2. Does your retail business have any of the following? (You may select more than one answer)			
		Response Percent	Response Count
Fully drawn advance		13.9%	19
Line of credit		29.9%	41
Business loan		56.9%	78
Overdraft		57.7%	79
<b>Business credit card</b>		<b>62.8%</b>	<b>86</b>
Bank guarantee		35.8%	49
Leasing finance		48.2%	66
	<i>answered question</i>		<b>137</b>
	<i>skipped question</i>		<b>0</b>


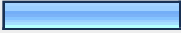





3. Do you use personal finance to fund your business? (You may select more than one answer)			
		Response Percent	Response Count
Yes, I use a personal credit card to fund day-to-day business expenses		47.8%	65
Yes, I have taken out a personal loan to finance my business		12.5%	17
<b>Yes, I have borrowed against my home loan to finance my business</b>		<b>58.8%</b>	<b>80</b>
No		27.2%	37
		Other (please specify)	9
		<b>answered question</b>	<b>136</b>
		<b>skipped question</b>	<b>1</b>

4. Why do you use personal credit to finance your business? (You may select more than one answer)			
		Response Percent	Response Count
<b>It is easier to access than business lending facilities</b>		<b>67.7%</b>	<b>63</b>
I tried to secure a business loan or other lending facility but I was unsuccessful		16.1%	15
I tried to renegotiate a business loan or other lending facility but I was unsuccessful		14.0%	13
I use personal credit to supplement my business loans or other lending facilities		46.2%	43
		<b>answered question</b>	<b>93</b>
		<b>skipped question</b>	<b>44</b>

5. Has your bank indicated whether they view retail as a high-risk lending category?				
			Response Percent	Response Count
Yes			33.9%	39
No			66.1%	76
Comment				8
<i>answered question</i>				115
<i>skipped question</i>				22

6. Describe your relationship with your bank:							
	Bad	Below average	Average	Good	Excellent	Rating Average	Response Count
My business relationship with my bank is:	5.8% (7)	8.3% (10)	34.2% (41)	<b>38.3% (46)</b>	13.3% (16)	3.45	120
Comment							13
<i>answered question</i>							120
<i>skipped question</i>							17

**7. Did your bank pass on any interest rate cuts to your business following the Reserve Bank's reductions of the official cash rate last year? (You may select more than one answer).**

		<b>Response Percent</b>	<b>Response Count</b>
<b>Yes, on my business loan</b>		<b>36.7%</b>	<b>44</b>
Yes, on my overdraft facility		26.7%	32
Yes, on my line of credit		16.7%	20
Yes, on my business credit card		7.5%	9
Yes, on my personal credit card		8.3%	10
Yes, on my personal loan		21.7%	26
No		30.0%	36
Other (please specify)			11
		<b><i>answered question</i></b>	<b>120</b>
		<b><i>skipped question</i></b>	<b>17</b>



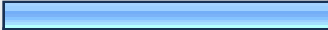



**8. Did your bank pass on any interest rate hikes to your business following the Reserve Bank's increases of the official cash rate late last year and this year? (You may select more than one answer).**

		Response Percent	Response Count
Yes, on my business loan		51.7%	62
Yes, on my overdraft facility		46.7%	56
Yes, on my business credit card		25.0%	30
Yes, on my personal credit card		20.0%	24
Yes, on my personal loan		29.2%	35
Yes, on my line of credit		20.0%	24
No		11.7%	14
Other (please specify)			6
		<b>answered question</b>	<b>120</b>
		<b>skipped question</b>	<b>17</b>

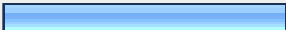
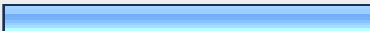
**9. What security does the bank hold against your loan or line of credit? (You may select more than one answer).**





		Response Percent	Response Count
Home		79.2%	95
Business premises		31.7%	38
Investment property		20.8%	25
REM (Registered Equitable Mortgage) over stock		16.7%	20
Other (please specify)			13
		<b>answered question</b>	<b>120</b>
		<b>skipped question</b>	<b>17</b>



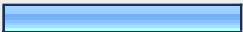
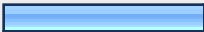
**10. In the past 18 months, has your bank requested to increase your security against any loans or lending facilities you already hold? (You may select more than one answer).**

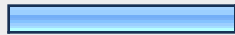
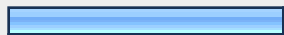
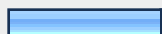
		Response Percent	Response Count
Yes, on my fully drawn advance		13.3%	4
Yes, on my line of credit		16.7%	5
<b>Yes, on my business loan</b>		<b>50.0%</b>	<b>15</b>
Yes, on my overdraft		40.0%	12
Yes, on my business credit card		10.0%	3
Yes, on my bank guarantee		20.0%	6
		<i>answered question</i>	<b>30</b>
		<i>skipped question</i>	<b>107</b>


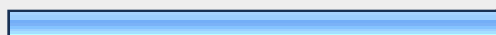
**11. Have you attempted to renegotiate a facility in the past six months?**

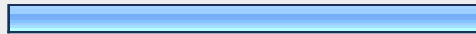
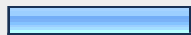
		Response Percent	Response Count
Yes		43.3%	52
<b>No</b>		<b>56.7%</b>	<b>68</b>
		<i>answered question</i>	<b>120</b>
		<i>skipped question</i>	<b>17</b>

12. What was your reason for renegotiating your lending facility? (You may select more than one answer).			
		Response Percent	Response Count
Business expansion		42.2%	19
Looking for a better deal from a different bank		20.0%	9
Paying too much interest		37.8%	17
<b>Temporary problems with cashflow</b>		<b>55.6%</b>	<b>25</b>
		Other (please specify)	7
		<b>answered question</b>	<b>45</b>
		<b>skipped question</b>	<b>92</b>


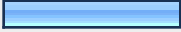
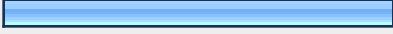
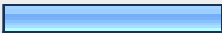

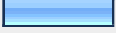
13. Did you have difficulties in renegotiating the facility? (You may select more than one answer).			
		Response Percent	Response Count
<b>Yes, I was required to provide increased security</b>		<b>38.5%</b>	<b>20</b>
Yes, I did not receive the full loan amount		3.8%	2
Yes, the renegotiation was denied by the bank		36.5%	19
No		30.8%	16
		Comment	6
		<b>answered question</b>	<b>52</b>
		<b>skipped question</b>	<b>85</b>

14. Was the rate higher or lower than the previous facility?			
		Response Percent	Response Count
Same		34.6%	18
Higher		42.3%	22
Lower		23.1%	12
		<b>answered question</b>	<b>52</b>
		<b>skipped question</b>	<b>85</b>

15. Has your bank revised the value of your assets or securities in light of current economic conditions?			
		Response Percent	Response Count
Yes		25.0%	30
No		75.0%	90
		Comments	5
		<b>answered question</b>	<b>120</b>
		<b>skipped question</b>	<b>17</b>

16. Were you required to provide more documentary evidence than in the past?			
		Response Percent	Response Count
Yes		72.4%	21
No		27.6%	8
		<b>answered question</b>	<b>29</b>
		<b>skipped question</b>	<b>108</b>



17. What extra documentary evidence was required?			
		Response Percent	Response Count
Tax returns		60.0%	18
BAS statements		26.7%	8
P&L statements		60.0%	18
Audited company financial statements		33.3%	10
<b>Valuation of property</b>		<b>76.7%</b>	<b>23</b>
Other (please specify)		16.7%	5
		<i>answered question</i>	<b>30</b>
		<i>skipped question</i>	<b>107</b>