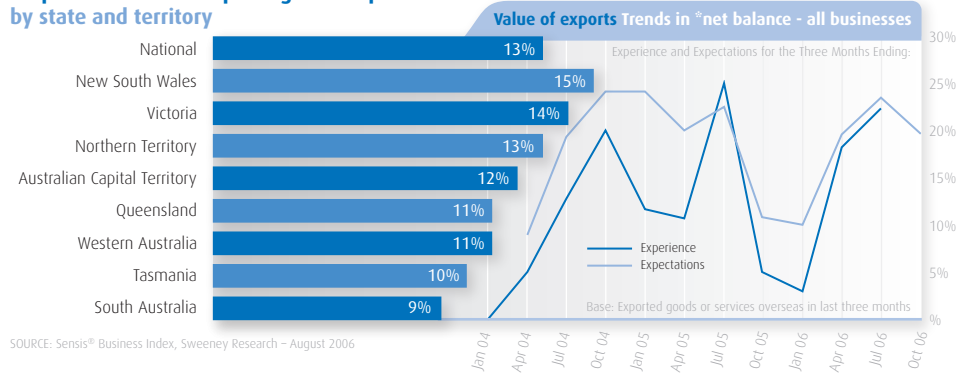


Small and medium export trends

Proportion of SME's exporting in last quarter by state and territory



SOURCE: Sensis® Business Index, Sweeney Research - August 2006

The Sensis® Business Index reported that in August 2006 some 13 per cent of Australia's small and medium enterprises (SMEs) were exporters. While this figure has remained relatively constant, the overall growth in the numbers of small businesses mean that more of our small firms are looking to overseas markets to grow their businesses.

In addition, there was further improvement in the proportion of small firms that were increasing the value of their exports in the past two quarters, with further growth anticipated in the coming quarter.

E-commerce and exports

E-commerce and exports - who SME's sell to

	All SME's Mainly Sell To	Total Sell To
Local - same city or town	60%	87%
Elsewhere in State	12%	60%
Interstate	18%	52%
Overseas	4%	35%

Base= Use e-commerce

SOURCE: Sensis® Business Index, Sweeney Research - August 2006

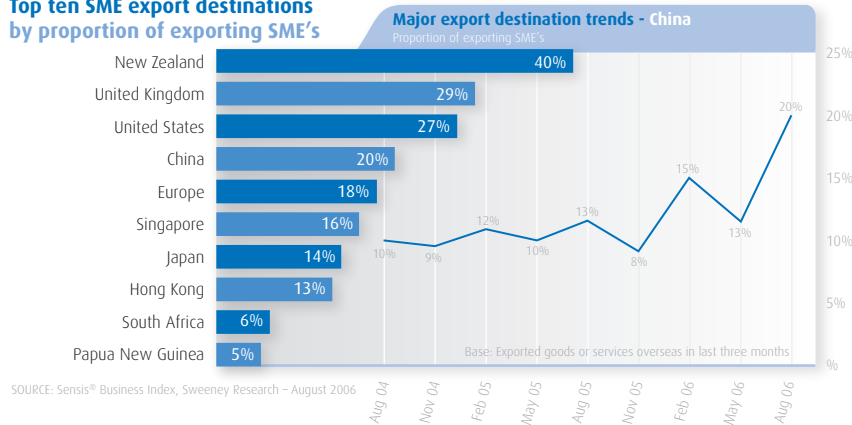
One of the biggest factors driving small businesses to start exporting is e-commerce. The 2006 Sensis e-Business Report found that some 47 per cent of Australian SMEs now take orders online. Of those businesses, some 35 per cent make sales overseas.

Whilst only four per cent of SMEs that use e-commerce target offshore markets for their main customer base, over one-third of SMEs that sell online are exporting, many for the first time.

The rise in online activity, in particular sales which has more than tripled since 2000, will continue to be a key driver of export growth for Australia's SMEs.

Export destinations

Top ten SME export destinations by proportion of exporting SME's



SOURCE: Sensis® Business Index, Sweeney Research - August 2006

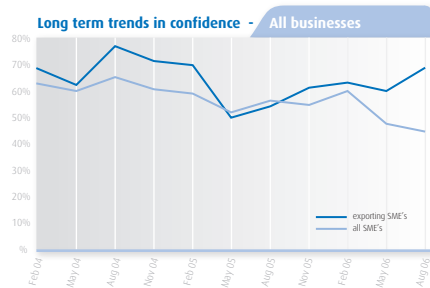
New Zealand is the top location that Australia's SMEs export to. In August 2006 some 40 per cent of SMEs that had exported chose New Zealand as their destination market. Other top export markets include the United Kingdom and the United States, which has grown since the introduction of the Australia United States Free Trade Agreement (AUSFTA).

China, now the fourth most popular destination for small exporters, has increased significantly in importance, with the number of small businesses that export choosing China as a destination having doubled in the past two years.

"China's rise indicates that you don't have to be a big fish like Rio Tinto or BHP Billiton to succeed in the Chinese market."

Tim Harcourt, Chief Economist, Austrade

Confidence



SOURCE: Sensis® Business Index, Sweeney Research - August 2006

Overall confidence August 2006

	SME's that exported	SME's that did not export	All SME's
Extremely confident	11%	12%	12%
Fairly confident	67%	49%	51%
Neutral	12%	19%	18%
Fairly worried	9%	17%	16%
Extremely worried	1%	3%	2%
Total confident	78%	61%	63%
Total worried	10%	20%	18%
*Net Balance	68%	41%	+45%

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

SOURCE: Sensis® Business Index, Sweeney Research - August 2006

Business performance indicators - past quarter August 2006

	SME's that exported	SME's that did not export	All SME's
Sales	+16%	-1%	0%
Profitability	+17%	-7%	-4%
Capital expenditure	-13%	-11%	-11%
Employment	+6%	-3%	-1%
Wages	+27%	+8%	+11%
Prices	+31%	+25%	+25%

*net balance of the proportion of SME's reporting an increase minus the proportion reporting a decrease

SOURCE: Sensis® Business Index, Sweeney Research - August 2006

Those SMEs that export consistently outperform those that do not, on a wide range of economic fronts.

Exporting SMEs reported higher levels of confidence in their prospects for the year ahead, with net confidence in August 2006 at 68 per cent, compared to an average level of 45 per cent for all SMEs. SMEs that exported were more likely to report feeling confident, and only half as likely as non-exporters to feel worried about their business prospects going forward.

The August 2006 quarter was, in context, a relatively "tough" quarter for SMEs, exporters reported not only higher confidence, but increasing confidence, while most SMEs reported a decline in confidence levels.

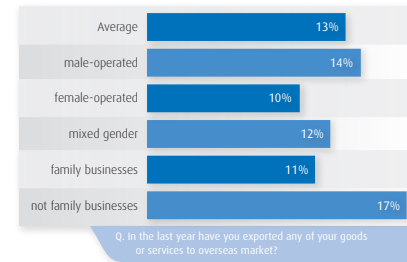
Stronger confidence was based on stronger economic performance. Exporting SMEs reported higher performance levels for sales, profitability and employment in August 2006.

"Research shows that exporting, on average, helps the bottom line. The survey results show that SME exporters, on average, are more likely to have an aggressive expansion strategy than other SMEs. They are also more confident than non-exporters and are more bullish on profits, wages and employment."

Tim Harcourt, Chief Economist, Austrade

Characteristics of exporters

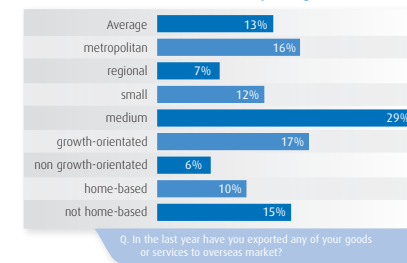
Characteristics of exporting proprietors



Q. In the last year have you exported any of your goods or services to overseas market?

SOURCE: Sensis® Business Index, Sweeney Research - August 2006

Characteristics of exporting SME's



Q. In the last year have you exported any of your goods or services to overseas market?

SOURCE: Sensis® Business Index, Sweeney Research - August 2006

Exporting SMEs were more likely to be male-operated, and less likely to be family-based businesses or home-based businesses. Overall, metropolitan SMEs are consistently more likely to export than regional SMEs. Size was also a critical factor, with medium-businesses much more likely to export than small businesses.

SMEs that exported were more likely to be aiming for growth, in particular for high growth, compared to businesses that did not export.

"The bottom line is that you will find Australian export potential in the grass roots of Australian business in the suburbs and in regional Australia as well as amongst the blue-chip corporates at the top end of town."

Tim Harcourt, Chief Economist, Austrade