

## **MEDIA RELEASE**

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### **VICTORIAN ECONOMY UNDERPERFORMING**

Victorian small businesses are doing it tough compared to the rest of Australia, the August Sensis Small and Medium Enterprises (SMEs) business index survey shows.

Victorian SMEs judged the Bracks Labor Government as the second least popular state government in Australia due to the imposition of “too many costs on small business”. Victoria has a net negative balance of 23 per cent. This is the same low level of the previous quarter and is more than twice as poor as Victoria’s closest rival states, Queensland and New South Wales.

This measure has been negative since the Bracks Government came to office and remains in the cellar (see attached graph).

The survey shows that business confidence is expected to recover nationally in the period ahead. However, the actual performance of SMEs in Victoria is a source of concern for the future pace and direction of any possible improvement in Victoria.

It is a concern for business also that Victorian SMEs indicated the greatest pessimism of any state about the health of their economy. A net 27 per cent of SMEs in Victoria expect the state economy to grow – substantially lower than any other state and well below perceptions of the national economy (net 39 per cent).

In addition the survey indicated that in the last quarter (May-July 2003), SMEs in Victoria had the

- worst sales performance of any state with only a net positive 2 per cent of businesses experiencing an increase in sales compared with Queensland where SMEs had a positive 29 per cent result;
- weakest profits of any state, with Victoria being the only state recording a net negative (- 2 per cent) profits performance compared with a positive net 25 per cent of businesses in Queensland experiencing improved profits; and
- the largest gap in confidence between regional and metropolitan (net 73 per cent and 55 per cent respectively) of any state.

These are worrying signs. Sales build profits and profits keep the jobs coming. Divergent growth prospects between metro and regional Victoria are also unsustainable.

At a time when the Australian economy is generally performing well, it is not good enough for Victoria to continue to drag the chain.

It is time the Bracks Government stopped milking businesses and the community for every source of taxation it can think of. Genuine taxation relief is needed to keep driving the economy forward.

But it won’t come from this Labor Government, having already ruled out any stamp duty relief for first-home buyers.

Victoria deserves better.