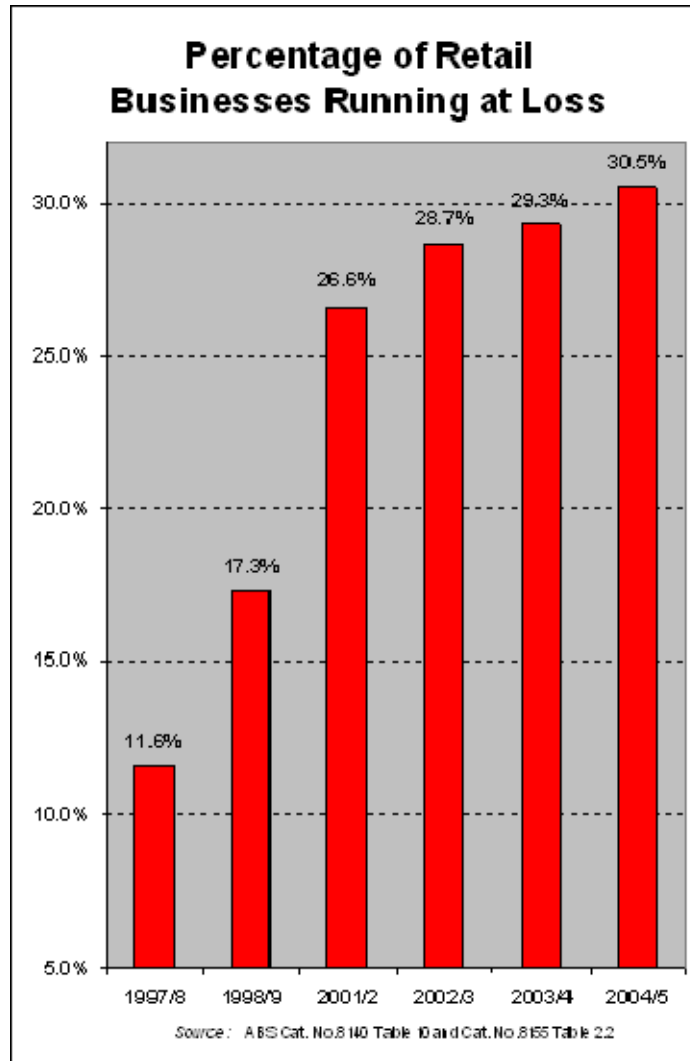


# STATE OF SMALL BUSINESS IN AUSTRALIA – Election Eve 2007. Why the Government is behind in the polls.

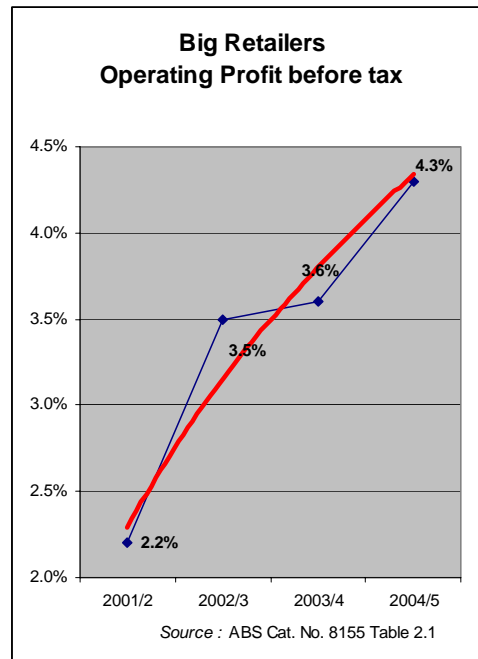
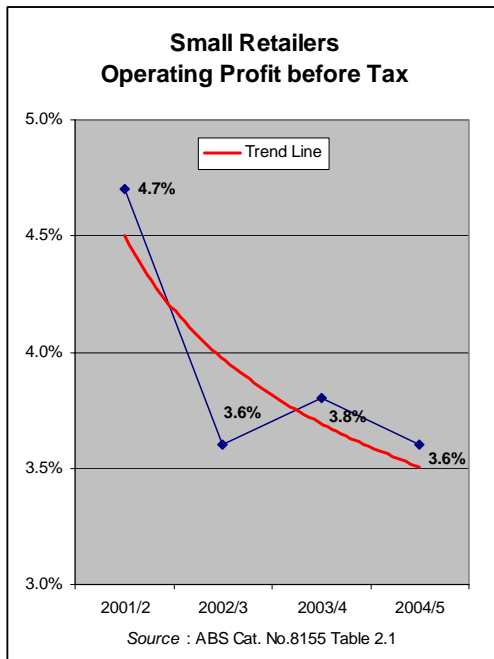
## 1. The number of Retail Businesses “Running at a Loss” Continues to Increase.

Almost 3 times as many retail businesses are running at a loss since the Government was elected. And with recent interest rates rises, and retail rents increasing faster than the CPI - for 2005/6 and 2006/7 this trend is likely to have continued – and this during the “good times”.



## 2. Small Business Profitability has Nosed Dived, Big Business Profitability has Skyrocketed. (ABS Cat # 8155)

These figures don't count 2005/6 and 2006/7, when large retailers have all recorded record profits. Big Business love the ineffectiveness of the *Trade Practices Act*.



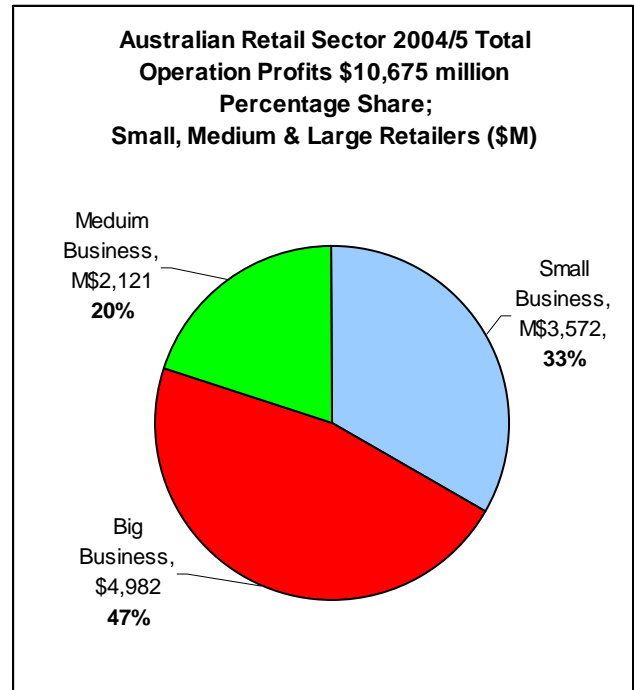
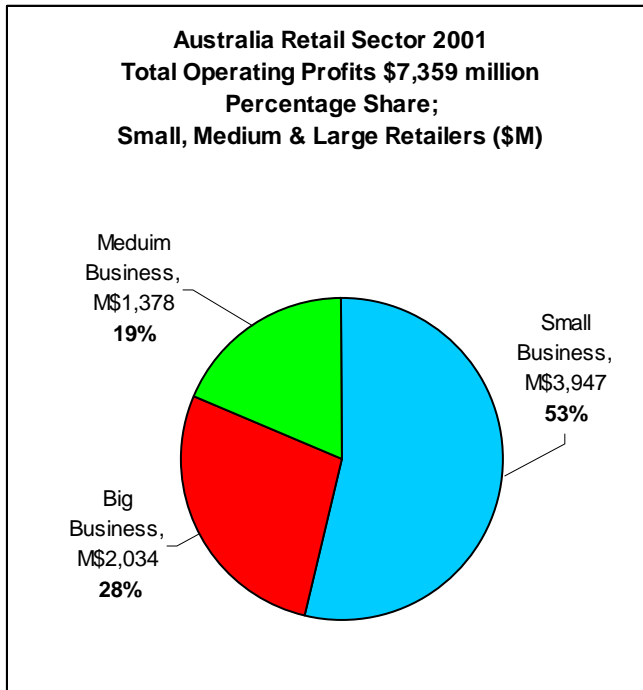
### 3. Shrinking Profitability for Small Business (ABS Cat # 8155)

2001 – 2005 has been a “golden age” for retailers with total operating profits in the sector surging 45%.

But with a “pro-big business” *Trade Practices Act*, small business has not only missed out, they’ve gone backwards.

- \* Medium sized retailers have increased total profits almost **50%**
- \* Big Business retailers have increased total profits almost **150%**
- \* While small business retailers total profits have **declined** almost **15%**

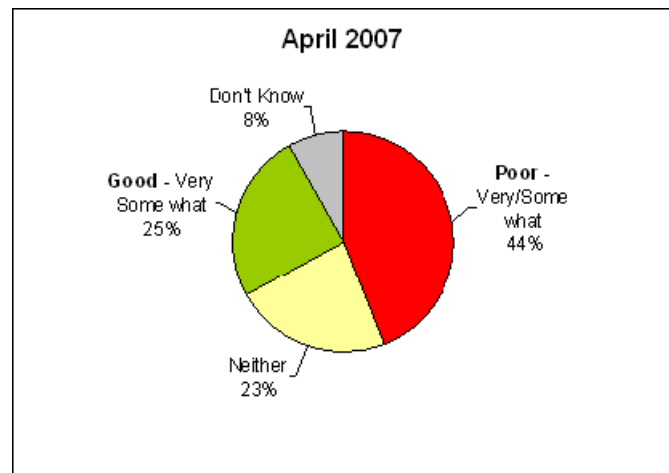
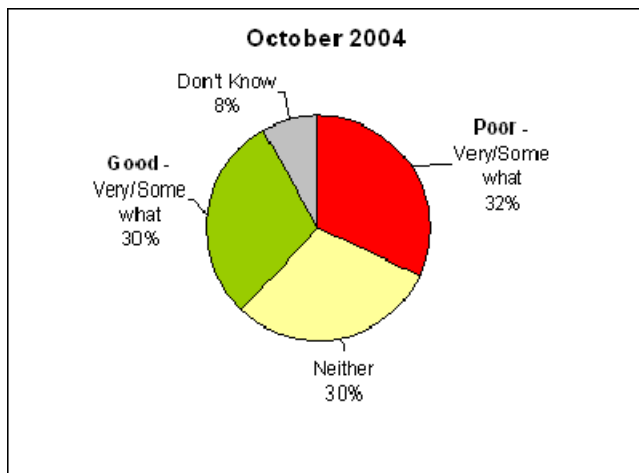
- This change represents **\$1.776 Billion** in operating profits in the retail sector being transferred from small business to big business in 2004/5 alone.



#### 4. On the frontlines, with no meaningful changes to the *Trade Practices Act*, Small Business feels that the Government has sold it down the river.

MYOB Survey –

“how do you rate the Federal Governments Contribution to the development of small business”



#### 5. Small Business and Entrepreneurial Culture in Decline

With *Trade Practices Act* allowing discrimination against small business and crushing the concept of equality of opportunity, ABS figures show since 1996 and 2007 the number of households that have “small business income” as their primary source of income, has declined from **7.2%** to **6.1%**.

Given that there are approximately 8 millions households in Australia , this means that during the last 10 years – almost **100,000** households have “given up” being small business entrepreneurs and now are corporate employees - that represents **200,000** voters that are no longer small business entrepreneurs since the first time the Government was elected.

#### 6. Small Business Abandoning the Liberal Party

The MYOB survey asked the question of small business : *Which Party do you plan to vote for in the House of Reps ?*

**Oct 2004** : Liberal Party **44%**

**April 2007**: Liberal Party **35%**

Taking into account there are about 1.9 million small businesses in Australia (say about 4 million voters given that most small businesses are family businesses) the 9% collapse in support found in the MYOB survey suggests **360,000** small business voters have been lost by the Liberal Party.

## 7. Small Business no Longer Traditional Liberal/National Voters.

Small businesses are often owned by individualists who dislike the collective organisation of workers in trade unions, and small businesses have been traditionally regarded as “captured coalition voters” But with an ineffective *Trade Practices Act*, small business now see the true enemy is big business, and are no longer rusted-on to the coalition.

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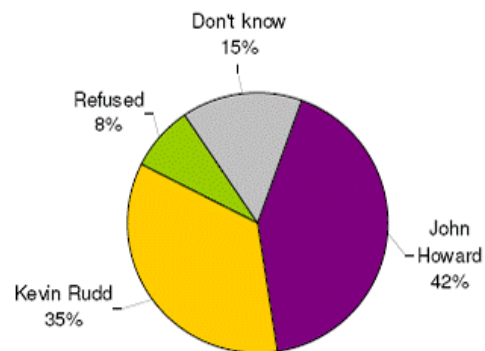
### Better Prime Minister

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#### Howard is more preferred than Rudd

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Figure 15: Small businesses' preferred Prime Minister (%)



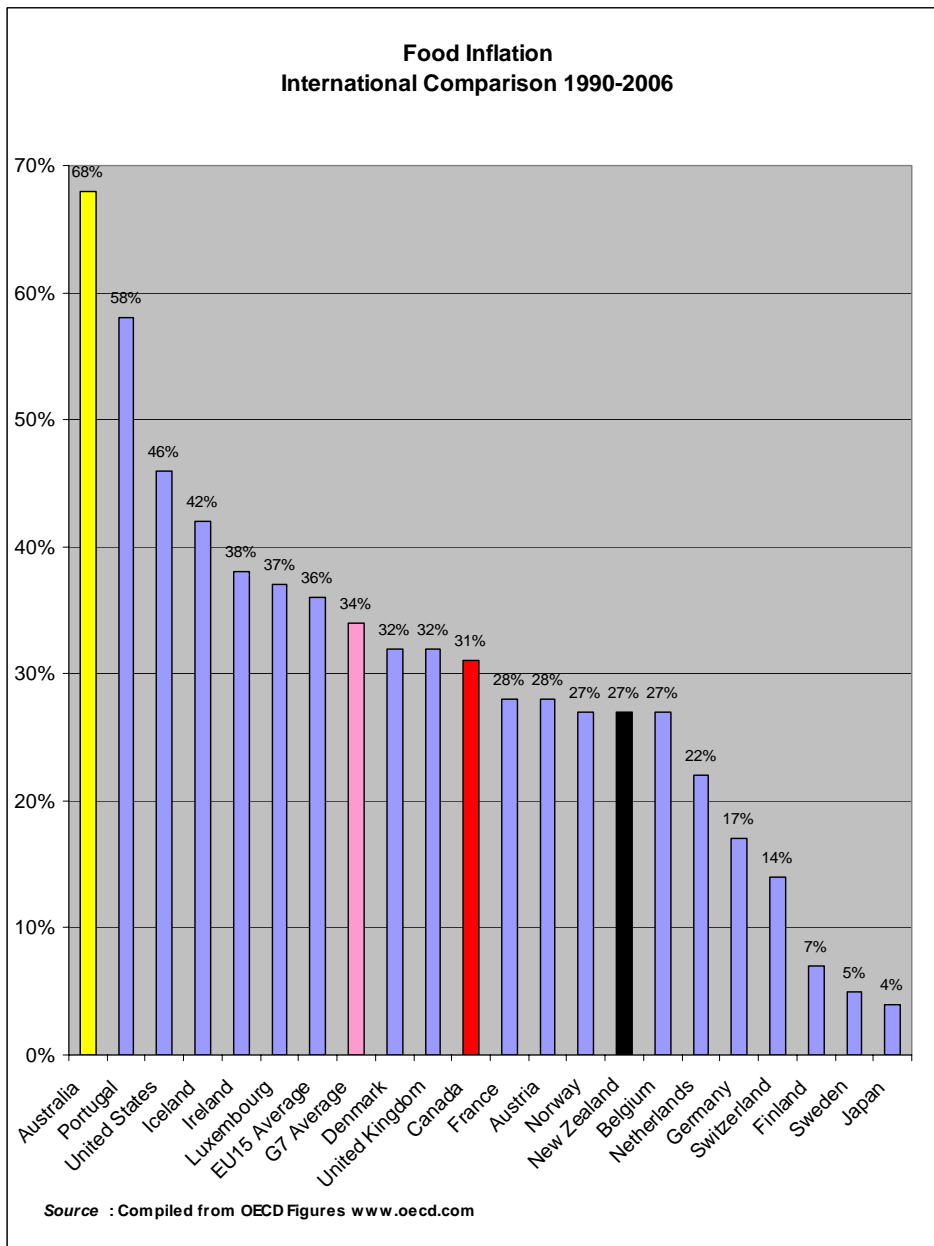
Base: Online small businesses  
Q: Who do you think would make the better Prime Minister?

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AMR Interactive. April 2007 (n=1804)

## 8 . And the Consumer is being duped by the Supermarket Duopoly.

In the “highly competitive” duopoly that has evolved under the Australian *Trade Practices Act*, food prices on the shelves at Woolworths/Coles have risen faster than in supermarkets anywhere else in the developed world.



## 9. And Don't Blame the Drought (Source : Queensland Farmers Federation)

Over the past 4 years to June 2006, with the *Trade Practices Act* not working;

- \* Retail Food Price Increases – **17.8%**
- \* Inflation – **12.1%**
- \* Average Farmgate Increase – **2.3%**

*“History shows, that while the claim of reducing prices to the consumer has always been advanced in defence of monopolistic interests, actually the reverse occurs. The price the producer receives (farmgate prices) continues to remain depressed while the prices to the consumers are often raised to an exorbitant degree”*

**Wright Patman (US Congressman) 1938**

