Small Businesses: Access to Finance

Report

Year to March 2013

Australian Bankers' Association Inc. ARBN 117 262 978
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Executive Summary

Introduction

The two million small businesses across Australia are the core of our economy. Small businesses account for 97% of all businesses and employ 49% of all workers.

Small businesses are the job creators and innovators that we need to keep Australia prosperous. We all benefit if small business has the right environment to develop and grow their businesses.

Small businesses, however, face a range of challenges. These include low levels of demand, issues with tax, government policy and general economic uncertainty.

One issue raised frequently by small businesses is their concern with access to credit and, in particular, whether small businesses that want to grow can get the funds they need.

No one benefits if those businesses cannot get the funding they need to grow, whether from a bank or from other sources.

Banks for their part have indicated a strong willingness to lend to small businesses and they have an incentive to do so – a bank makes money by lending money.

During the financial crisis, banks were concerned about funding the money they needed to keep lending, but this is no longer the case. Particularly with subdued demand for credit from households and businesses of all sizes, banks are keen to find creditworthy customers to lend to.

If banks want to lend and small businesses want to borrow, why do we have a problem?

Context

The Australian Bankers' Association (ABA) and the Council of Small Business Associations of Australia (COSBOA) have been working together to understand more about the issues facing small business, particularly in the current economic environment.

COSBOA and the ABA quickly realised that there is little detailed public data to tell us what is actually happening in terms of small businesses' current use of financing and future expectations.

Without detailed information, we can't get an accurate picture of the financing problems faced by small businesses or what types of businesses are frustrated in seeking finance. Without a good understanding of these issues, we can't develop effective solutions targeted at the actual causes.

Detailed information is needed to ensure that, in responding to legitimate concerns, we don't create unintended consequences that may make it harder for small business to access the finance it needs to grow.

The ABA and COSBOA have therefore commissioned research from DBM to get a better picture of what is happening with small business credit and to help inform public discussion.

This report analyses the DBM data and gives us a clearer picture.

The DBM data gives helps us understand whether or not small businesses have concerns about accessing to finance and it helps put the issue in context. Importantly, it informs us about how small businesses finance their operations, including:

- the types of credit products that small businesses typically use and how many small businesses have them;
- what the level of usage of credit products is by small businesses in different segments of the economy, and by size (turnover) of business;

- the variation in the level of demand by size (turnover) and by age of business; and
- whether there are regional differences, that is, across metropolitan and non-metropolitan areas.

As well as providing a detailed picture of how small businesses access finance, the data also gives us a view of the businesses that will be looking for credit to finance their growth over the next 12 months:

- how many businesses are looking to increase their borrowings; how many are looking to decrease the level?
- how many businesses believe that access to credit or the capacity to finance growth is an issue?
- who are these businesses; what segments of the economy are they most likely to be found in and what size are they most likely to be?

Detailed data is the first step to understanding better what the issues are that drive broad concerns over access to credit, but data is of little value if it is not acted upon.

The next step therefore needs to be for the banking industry and small business groups to sit down together and work out effective ways to fix the actual problems.

We have already started those discussions. In May 2013, COSBOA hosted a Roundtable in Canberra to allow an open discussion about small business concerns. Those discussions have shown that this is an issue with many facets. In other words, there is no single reason why different businesses are struggling to get the credit they want to grow.

Other issues identified in discussions between ABA and COSBOA for which data is not currently available include:

- Small businesses are often looking for finance in response to a new opportunity that generally has not been planned for and they have a limited time frame in which to take advantage of the opportunity;
- Where new assets are required to meet the opportunity lease finance can be an attractive option due to: limited cash flow, limited available security, the assets required are depreciating, tax effectiveness of leasing;
- Changes in bank lending policy such as the acceptance of rent rolls as security in the real estate service industry;
- There is limited understanding about basic finance issues. For example, role of debt vs equity, Capacity, Character, and Collateral, the importance of taking responsibility for a loan application and the ongoing relationship with a lender.

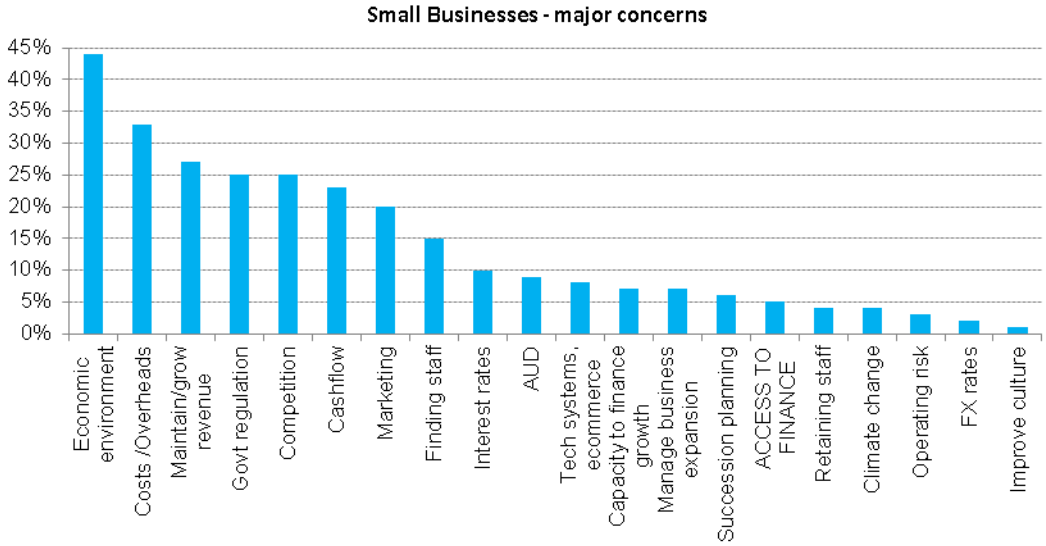
While DBM has not been able to provide data to quantify all small business finance issues identified in discussions between ABA and COSBOA, it has provided valuable information which puts into context the types of businesses facing problems and the proportion of business facing problems.

While data alone cannot address small business concerns, COSBOA and the ABA believes this report is a vital step towards deepening our understanding of small business concerns so that effective and practical solutions can be canvassed.

Key findings – Small business concerns

Many small businesses in Australia are facing a challenging operating environment. There are many reasons for this, of which one can be problems accessing finance.

The following chart has been constructed from DBM data. It shows what the major concerns of small business are. During the survey period (April 2012 to March 2013) the economic environment was the most significant cause of concern for small businesses.



While access to finance is not the top rated issue concerning small business, it remains an issue, especially for those small businesses seeking to grow.

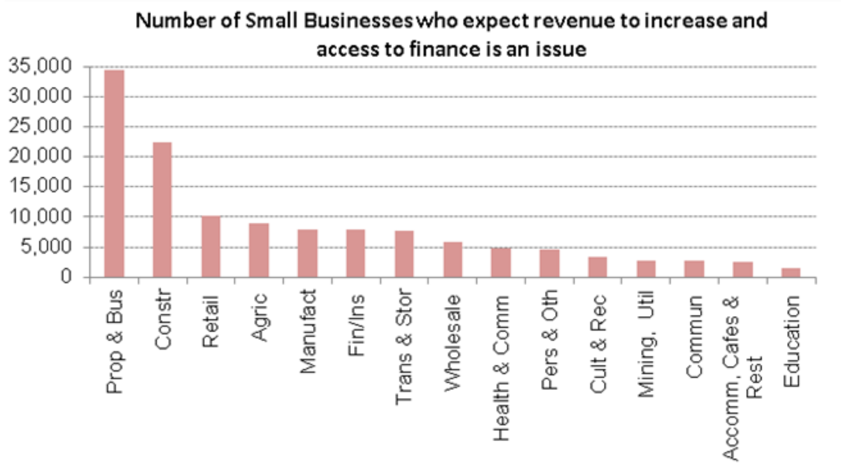
Key findings – Access to finance

Data indicate that:

- 11% of small businesses say that access to finance or the capacity to finance further growth in the business is an issue. Of these, 7% already have a loan and 4% do not.
- Small businesses who expect their revenues to increase are more concerned about access to finance, whether they have a loan or not.
- 44% of small businesses expect their revenue to grow; of these, 14.5% are concerned about access to finance.
- 24.8% of these businesses have a turnover of less than $50,000; 30% have a turnover of $200,000 to $1 million.
- Within the less than $50,000 turnover category, 19.2% say they are concerned about access to finance and expect their revenue to increase.
- The proportion of all small businesses that expect revenue to increase and are concerned about access to finance, across all industries, is 6.6%. Above this level are the mining and utilities industry with the highest proportion at 16% - understandable given the broader macro issues being faced by this sector of the economy - followed by communication services at 11%, manufacturing at 9%, transport and storage and wholesale trade at 8%. The proportion for construction, property services and business services, and cultural and recreational services is consistent with the total for all industries, at 7%. Below this level at 6% are accommodation, cafes & restaurants, health & community services, and finance & insurance. Retail trade and personal & other Services are at 5%. Agriculture, forestry & fishing are at 4% and education at 3%.

- In terms of numbers of small businesses in this category, the following industries have 5,000 to 10,000 businesses in this range; retail, agriculture, manufacturing, finance & insurance, transport & storage and wholesale; property and business services have 34,416; construction has 22,345 while mining has 2,835.

While the property and business services industry have a large number of businesses in this category, the proportion is similar to other industries. The mining industry has a high proportion but low number.



Notes on the data

The ABA and COSBOA note that there is a variety of information about small businesses available from a number of sources, both official and independent sources. This ABA/COSBOA research is not intended to bring together data from those sources to provide a comprehensive research piece on small businesses and small business lending.

For this research, ABA and COSBOA have focused primarily on a subset of small business data which relates to their business finance, in order to better understand the financial needs of small businesses, such as their access to finance, the typical lending products used and the level of outstandings. Where possible, other data items have been used to provide greater depth and context, such as turnover ranges, years of operation, metro and non-metro, industry and other. These data are not available from official sources.

As such, ABA and COSBOA have sourced data from a provider who could supply a good selection of data items for analysis and also a survey vehicle which could support robust analysis (through the production of detailed cross-tabulations).

The following will assist readers with understanding the data:

Data Source - the data used in this report is sourced from the DBM Business Financial Services Monitor.

DBM survey - DBM regularly surveys approximately 20,000 business decision makers across micro, small, medium, and large businesses. The sample reflects the business population in Australia.

Small business definition - for purposes of this report, small businesses are those businesses with a turnover of less than $5 million.

Coverage – includes all small businesses excluding government and deposit taking institutions.

Reference period – data collection relates to the period April 2012 to March 2013

Lending institution – unless otherwise stated business and personal lending products are held with any financial institution i.e. banks and non-banks

Relative standard error (RSE) – as the data are from a sample survey all results will be subject to RSE. No information has been provided in this report about RSEs affecting the data. Readers should note, however, that DBM suppress data cells of less than 30.

The following is an outline of the small business finance issues that ABA and COSBOA identified and a description of the data DBM has been able to provide to quantify the scale of the issue.

Problems accessing finance

DBM has reported on the incidence of those who consider ‘access to finance’ as an issue facing their business, split by:

- Those currently with a business loan
- Those currently without a business loan.

Metro/Non-Metro Splits

DBM has reported on metro and non-metro splits as indicated below:

- Incidence of small businesses in metro areas
- Incidence of small business in non-metro areas

- Incidence of those who consider 'access to finance' as an issue facing their business among those in metro areas
- Incidence of those who consider 'access to finance' as an issue facing their business among those in non-metro areas
- Distribution (proportion) of businesses with the loan amount ranges in metro areas
- Distribution (proportion) of businesses with the loan amount ranges in non-metro areas
- Distribution (proportion) of loan amount based on the loan amount ranges in metro areas
- Distribution (proportion) of loan amount based on the loan amount ranges in non-metro areas

Use of personal vs. commercial finance

DBM has provided the incidence of those with any personal loan (under an individual's name) used for business. DBM has also provide the incidence of those who consider 'access to finance' as an issue facing their business among those who have a personal loan used for business as well as those who have no personal loan used for business.

Use of alternative forms of finance

DBM has provided the incidence of those with a business loan split by the following product category. A business loan is defined as those with any of the following business lending product:

- Credit cards
- Overdraft
- Short-term loan [less than 12 months]
- Property mortgage
- Other long-term loan [12 months or longer]
- Debtor financing / Invoice financing
- Commercial bills
- Line of credit
- Trade finance – domestic trade
- Trade finance – export / import

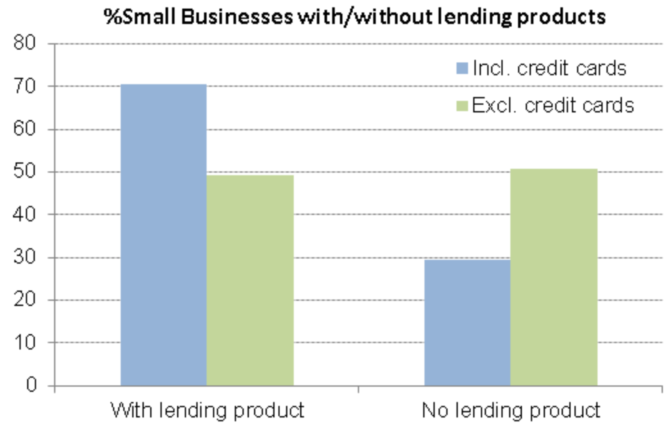
ABA and COSBOA also identified 'reasons for needing additional finance' and 'types of additional finance needed', as an issue of interest, however, DBM were not able to provide data to quantify these issues.

1. Overview

Of the estimated two million small businesses in Australia, 49% have a business lending product other than a credit card. This is almost one million small businesses (980,000).

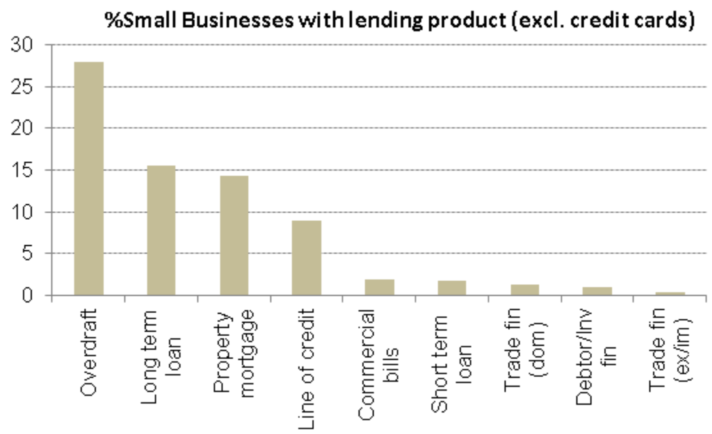
If credit cards are *included* as a source of lending for small businesses, the proportion of small businesses who have a business lending product (which may include a credit card) rises to 71% or 1.42 million small businesses.

By corollary, if credit cards are excluded then this means that 51% of small businesses or one million small businesses have *no lending product*. If credit cards are included as a lending product then 29% of small businesses do not have a lending product, or about 585,000 small businesses.



The products with the biggest take up by small business are:

- Credit cards - 1.02 million account holders
- Overdrafts - 554,000 overdrafts
- Long-term loan (12 months and over) - 309,000 loans
- Line of credit – 177,000



Lease finance is also an important source of finance for small business. DBM advises that approximately 35% of small businesses use lease finance products. Information about amounts outstanding on lease finance products used by small business in not available. While this report does not focus on the specific characteristics of small businesses that use lease finance products, data from business that use these products are included in this report.

2. Small businesses with no lending products

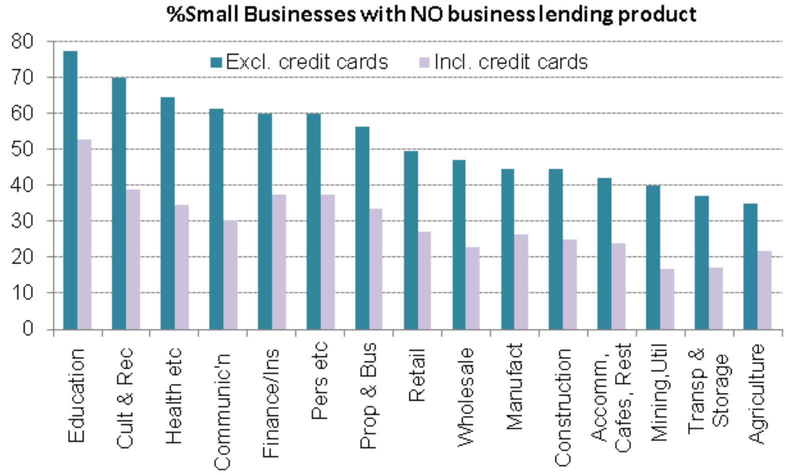
Which small businesses have no lending product? As stated earlier, one million businesses (51%) do not have a loan product if credit cards are excluded. This falls to 585,000 if credit cards are included.

Of those one million small businesses without a loan product (excluding credit cards) 29% or 292,839 are from the property and business services industry. Even so, the chart below shows that this industry is by no means the industry with the highest *proportion* of businesses with no lending product.

That is, the property and business services industry has 56% of business with no lending product excluding credit cards, falling to 33.5% if credit cards are included. It is, in fact, the education industry that tops the list of industries with the highest proportion of small businesses with no lending products having 77.5% of its businesses with no lending product excluding credit cards and 52.7% if credit cards are included.

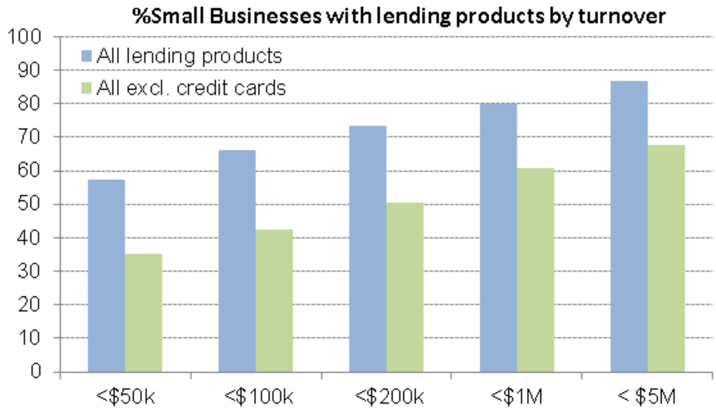
Small businesses with NO lending product	Number	% of total
Property Services & Business Services	292,839	29.0%
Construction	143,316	14.2%
Retail Trade	90,392	9.0%
Finance & Insurance	84,952	8.4%
Agriculture, Forestry & Fishing	72,422	7.2%
Personal & Other Services	54,736	5.4%
Health & Community Services	52,056	5.2%
Manufacturing	42,025	4.2%
Transport & Storage	36,273	3.6%
Wholesale Trade	35,623	3.5%
Education	34,736	3.4%
Cultural & Recreational Services	30,843	3.1%
Accommodation, Cafes & Restaurants	16,159	1.6%
Communication Services	15,435	1.5%
Mining and Utilities	7,292	0.7%
Total	1,009,100	100.0%

Industries with high proportions of small businesses having no lending products are: education, cultural and recreation, health and community services and communication if credit cards are excluded.

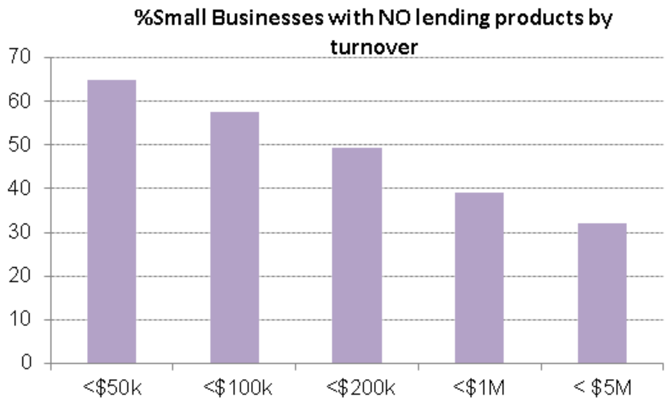


3. Use of business lending products by business turnover

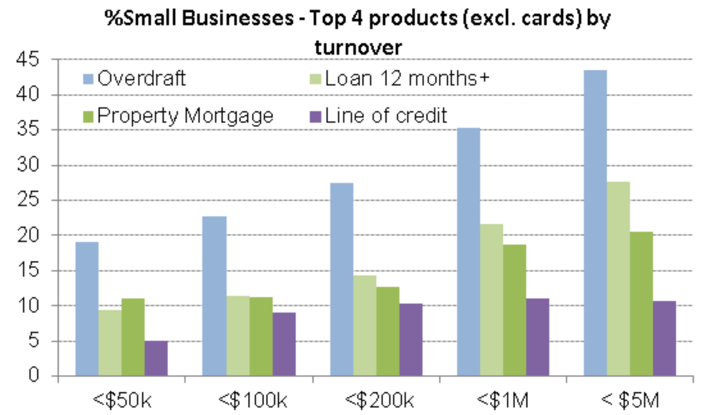
As turnover increases so does the proportion of small businesses that have a loan product. If credit cards are excluded, 35% of small businesses with turnover less than $50,000 have a business lending product. This rises to 68% for small businesses with turnover from $1m to $5m (the highest turnover category).



The reverse also applies. Almost two-thirds (65%) of small businesses with turnover less than $50,000 have no lending product but this falls to just under a third for those small businesses with turnover of $1m to $5m.



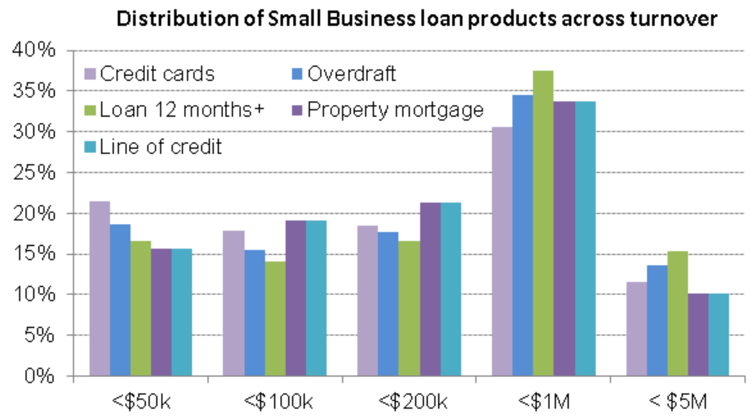
The top four products used for business lending (excluding credit cards) are overdrafts, loans of 12 months or more, property mortgages and lines of credit. The uptake of each product increases with turnover.



The chart below looks at *five* top products used by small businesses and shows the distribution of use of each product *across* the turnover bands.

For each of the five products, most of the use is by small businesses whose turnover is $200,000 to $1 million (of course, this is a wider turnover band when compared with the turnover bands before it).

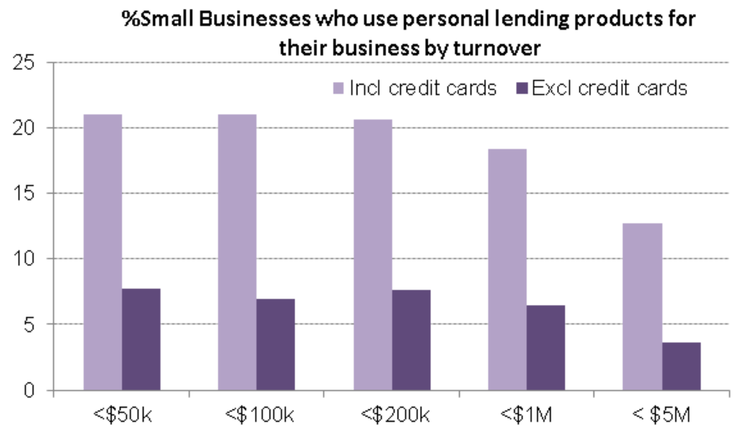
Small businesses whose turnover is $200,000 to $1 million make up 27% of small businesses but account for 38% of loans of 12 months or more, 36% of property mortgages and 35% of overdrafts.



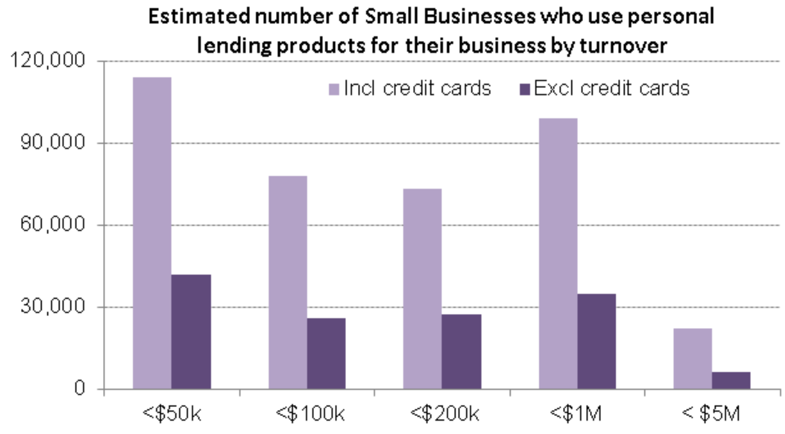
4. Use of personal lending products for business purposes

Only 7% of small businesses use a personal lending product for their business (excluding credit cards). If credit cards are included, this rises to 20%.

It is not until the higher turnover categories are considered that there is a noticeable fall in the proportion of businesses that use personal lending products for their business.



In terms of the estimated number of small businesses who use a personal lending product for business purposes, this is 387,200 if credit cards are included or 137,000 if credit cards are excluded.

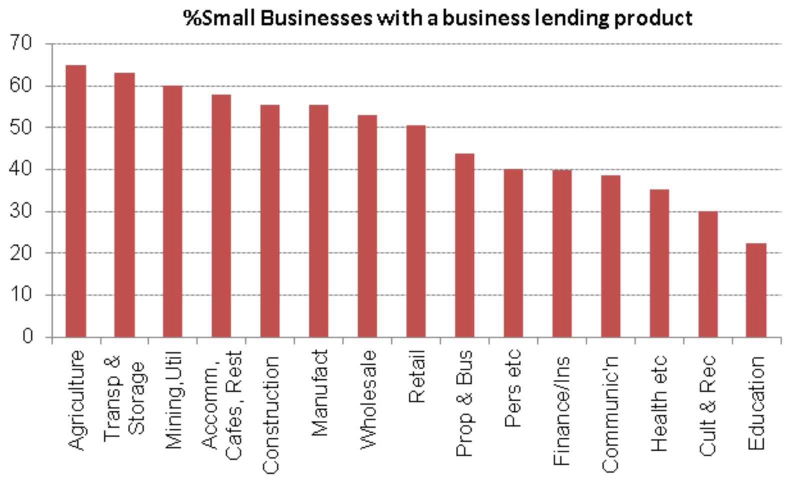


Below are the top four personal lending products used by small businesses excluding credit cards.

Personal lending product used	Number (Estimated)
Line of credit	67,515
Property mortgage	49,644
Overdraft	27,800
Other long term loan [12 months or longer]	15,886
Short term loan [less than 12 months]	1,986

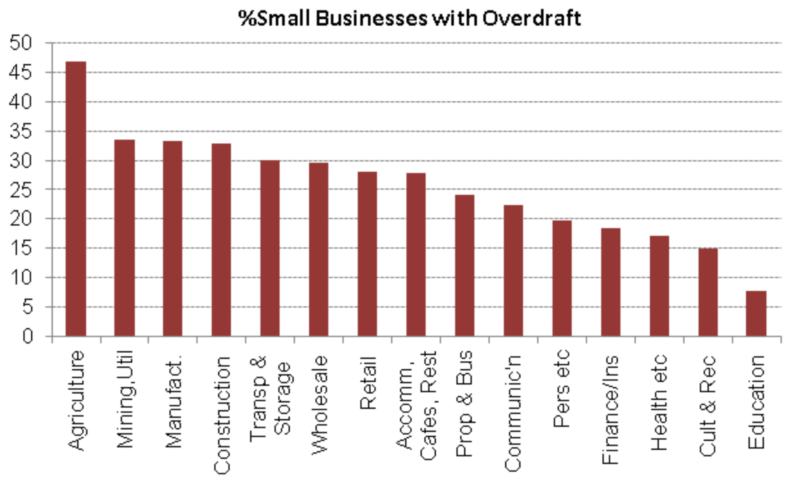
5. Use of business lending products by industry

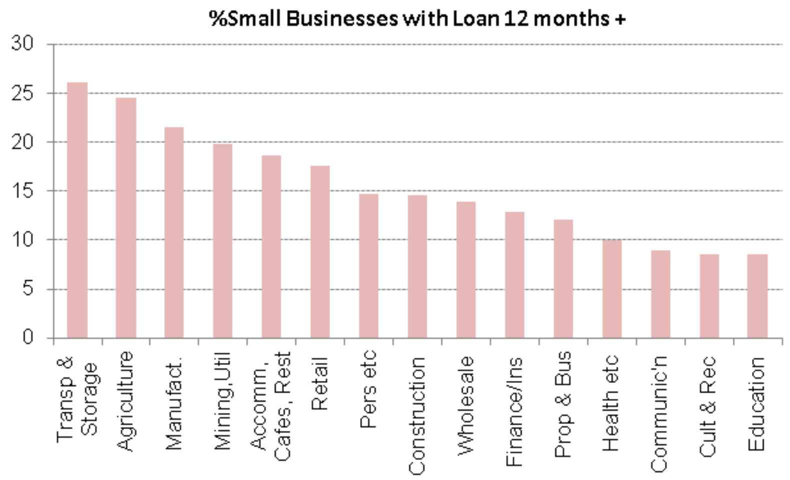
Industries with a high use of business lending products (excluding credit cards) are: agriculture, forestry and fishing where 65% of small businesses have a business lending product, transport and storage (63%), mining and utilities (60%), accommodation, cafes and restaurants (58%).

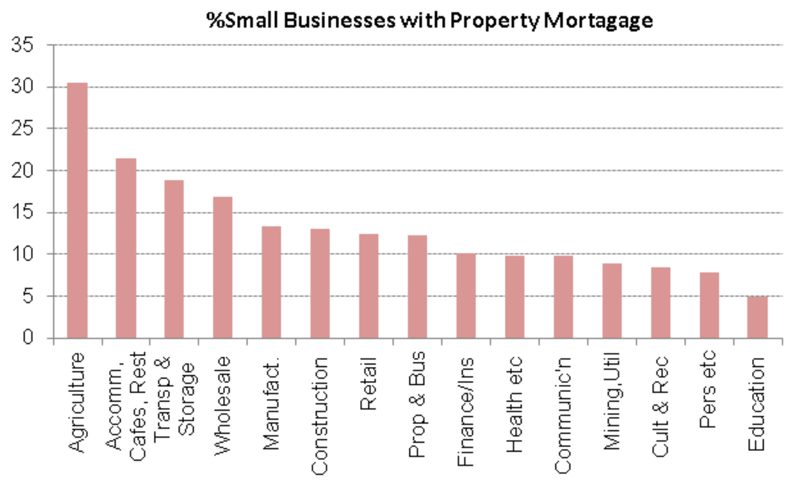


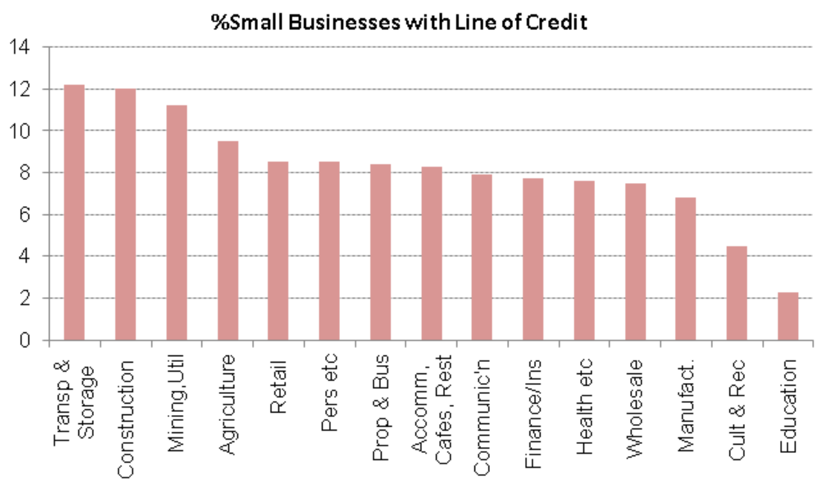
The following charts look at the top four business lending products used by small businesses, sorted by industry. These are: overdrafts, loans of greater than 12 months, property mortgages and line of credit.

Agriculture, manufacturing and transport and storage are amongst the highest users of all four products shown below.




%Small Businesses with Loan 12 months +
30
25
20
15
10
5
0
Transp & Storage
Agriculture
Manufact.
Mining,Util
Accomm, Cafes, Rest
Retail
Pers etc
Construction
Wholesale
Finance/Ins
Prop & Bus
Health etc
Communic'n
Cult & Rec
Education

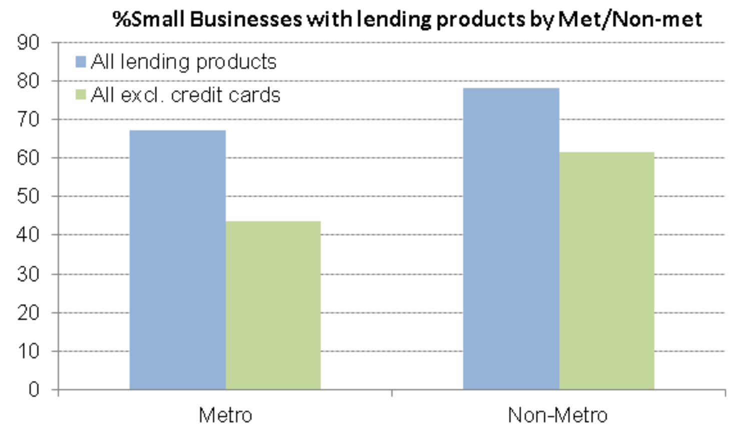

%Small Businesses with Property Mortagage
35
30
25
20
15
10
5
0
Agriculture
Accomm, Cafes, Rest
Transp & Storage
Wholesale
Manufact.
Construction
Retail
Prop & Bus
Finance/Ins
Health etc
Communic'n
Mining,Util
Cult & Rec
Pers etc
Education


%Small Businesses with Line of Credit
14
12
10
8
6
4
2
0
Transp & Storage
Construction
Mining,Util
Agriculture
Retail
Pers etc
Prop & Bus
Accomm, Cafes, Rest
Communic'n
Finance/Ins
Health etc
Wholesale
Manufact.
Cult & Rec
Education

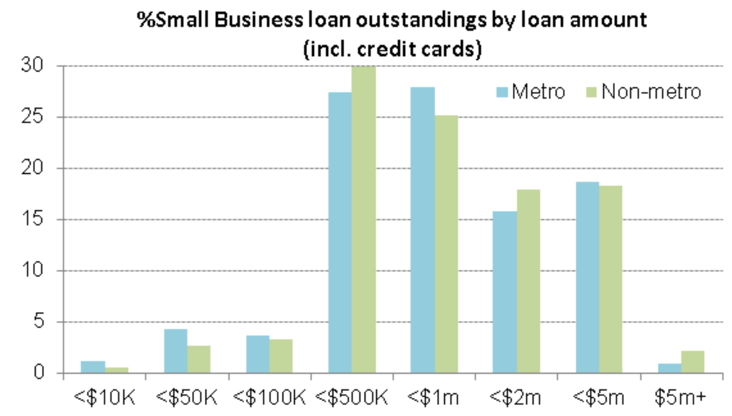
6. Metropolitan and non-metropolitan

In metropolitan areas, where 1.4 million or 69% of small businesses operate, 67% of these small businesses have a lending product which includes a credit card, which falls to 44% if credit cards are excluded.

For the 600,000 small businesses which are in non-metropolitan areas, these businesses have a higher propensity to use lending products with 78% of these small businesses having a lending product which includes a credit card, falling to 62% if credit cards are excluded.



The distribution of borrowings (outstandings) is not that different for metropolitan and non-metropolitan areas.



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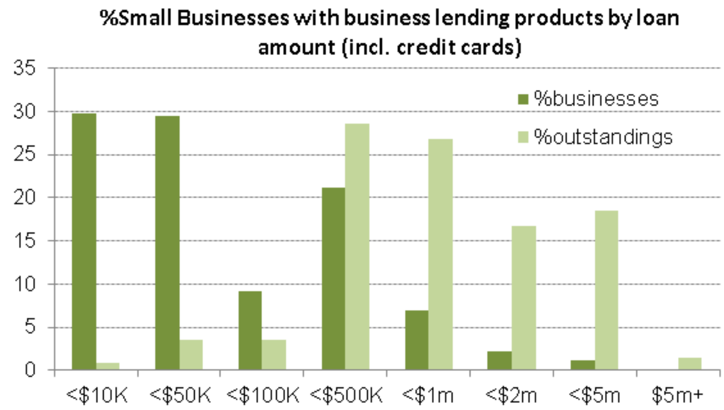
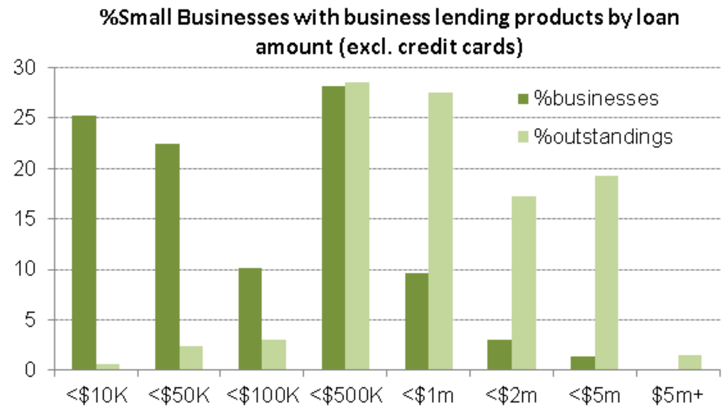
COSBOA COUNCIL OF SMALL BUSINESS AUSTRALIA

7. Loan outstandings

Whether credit cards are included or excluded, the majority of businesses have loans under $100,000. The chart below shows that of those small businesses with lending products, 68% have loan amounts under $100,000, however, this accounts for only 8% of total loan outstandings.

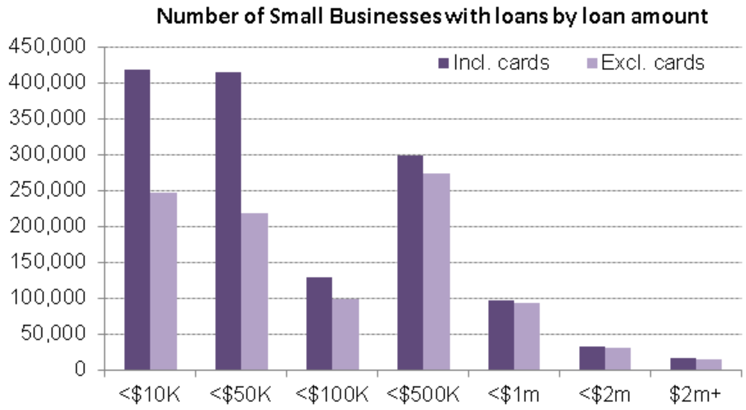


If credit cards are excluded, 57% of those small businesses with a loan have loan amounts under $100,000. This accounts for 6% of total loan outstandings.



Almost one million small businesses (960,000) have loan amounts under $100,000 (this includes credit cards).

There are 47,700 small businesses which have a loan of $1 million or more. This is 2.4% of all small businesses or 3.4% of small businesses which have a lending product.

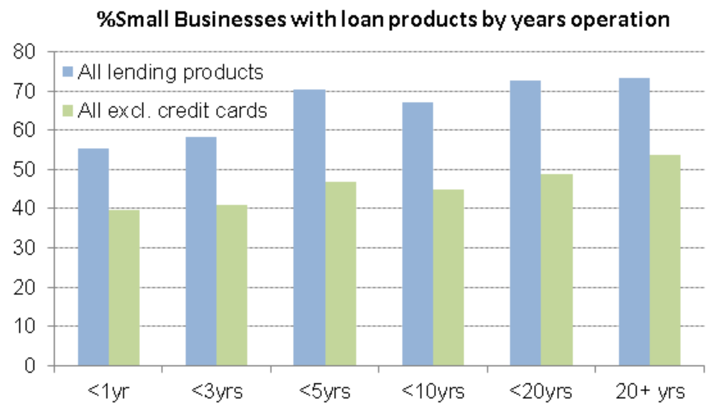


8. Years in operation

The longer a small business has been in operation, the greater the likelihood it has a business lending product.

Fifty-five (55%) of small businesses which had operated for less than one year had a business lending product (including a credit card). For those operating one to three years this increased to 58%; while for businesses which had operated for ten or more years, 73% have a small business lending product (including a credit card).

Even if credit cards are removed, there is still a trend increase in the use of lending products as the years of operation increased, from 40% for small businesses which have operated for less than one year to 54% for small businesses which had operated for 20 years or more.

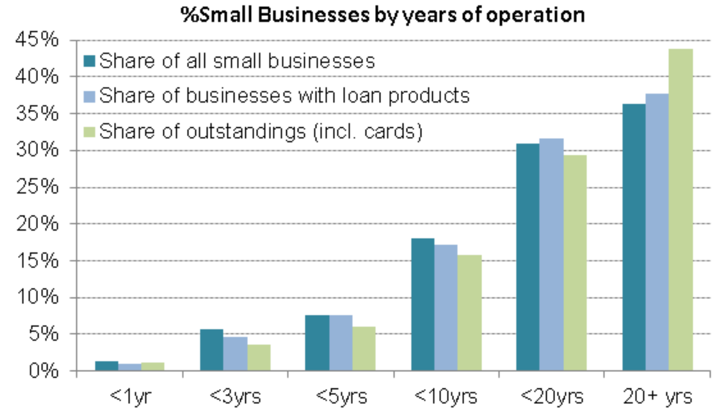


The following chart shows:

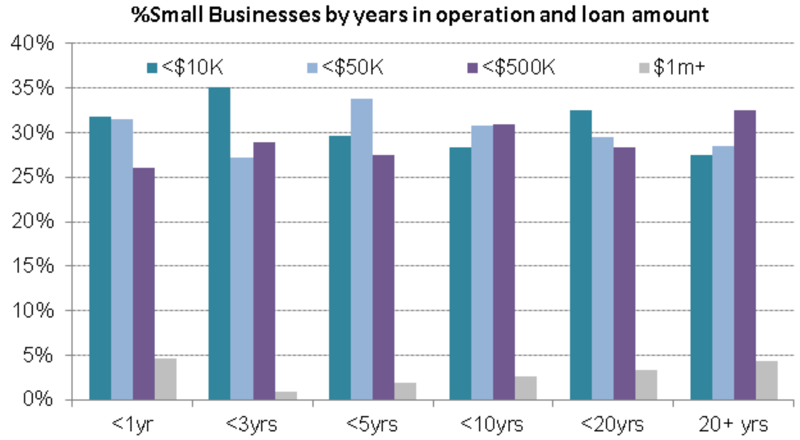
- the distribution of all small businesses;
- the distribution of small businesses with a lending product (including a credit card);and
- the share of loan outstandings.

It can be seen that small businesses that have been operating less than one year make up 1.3% of all small businesses, 1.0% of small businesses who have a small business lending product and 1.1% of outstandings (including credit cards).

At the other end of the scale, small businesses which have been operating for 20 years or more make up 36% of all small businesses, 38% of those businesses with a business lending product and 44% of outstandings (including credit cards).

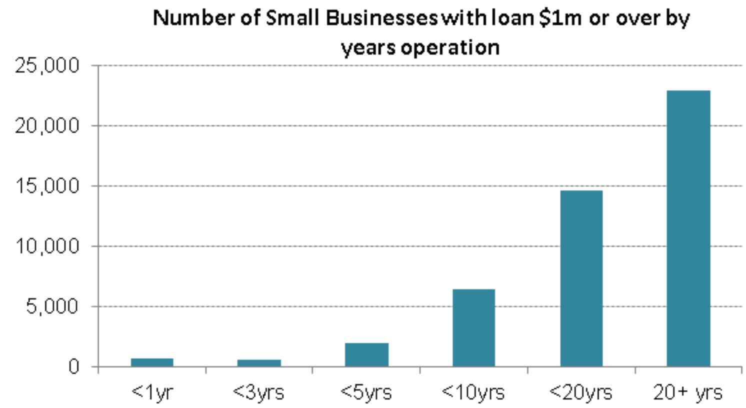


As the number of years of operation increase, there is evidence that the loan amount increases (data includes credit cards). This is especially evident for those small businesses seeking loans over $1 million, except of course, for businesses which have operated for less than one year which are well represented in that loan amount category.



Almost half of all small businesses with a loan valued $1 million or over have been in operation for 20 years or more.

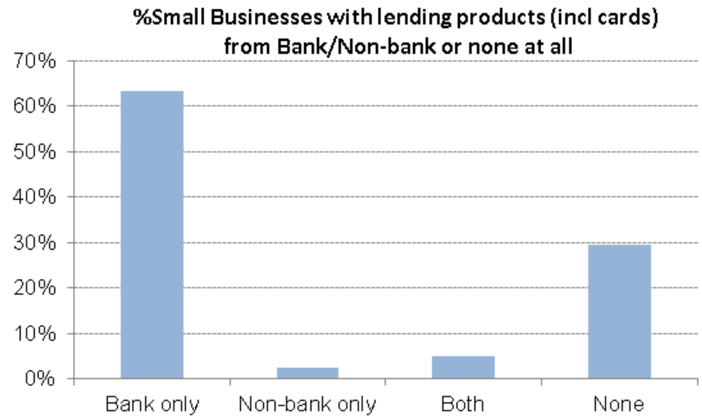
Small businesses which have been in operation for up to five years account for 13.3% of all businesses with a loan but only 6.8% of businesses which have $1 million or more in loans or 3,225 businesses.



9. Bank and non-bank

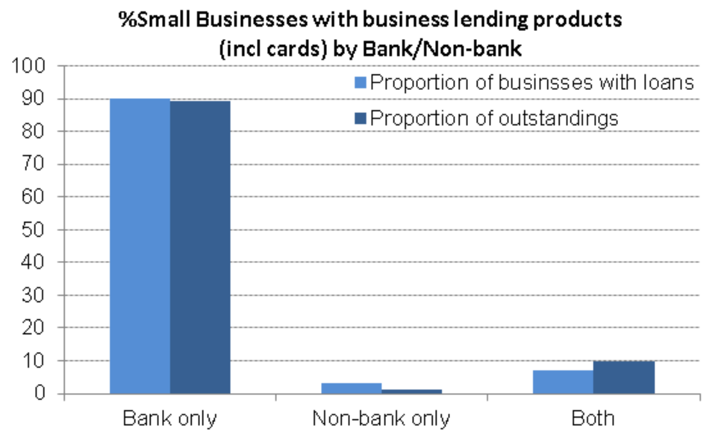
Of the two million small businesses in Australia:

- 1.3 million or 63.4% use a bank only for their business lending products (including credit cards);
- 46,000 or 2.3% use a non-bank only;
- 96,850 or 4.9% use both a bank and non-bank; and
- 584,000 or 29.4% do not have any business lending products.



For those small businesses that have a business loan product (including a credit card), 90% are with a *bank only*, accounting for 89% of loan outstandings.

For the 3% of small businesses who use a non-bank only, these account for 1% of outstandings.



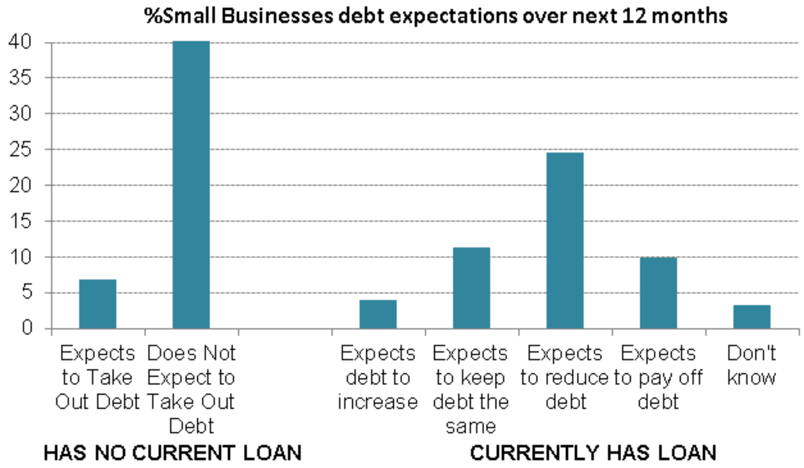
10. Debt expectations

Of those small businesses who currently have a business lending product, *one in five* expect to pay it back fully over the next year[1] (about 200,000 businesses) while nearly half or 490,000 small businesses that have a business lending product expect to reduce their debt.

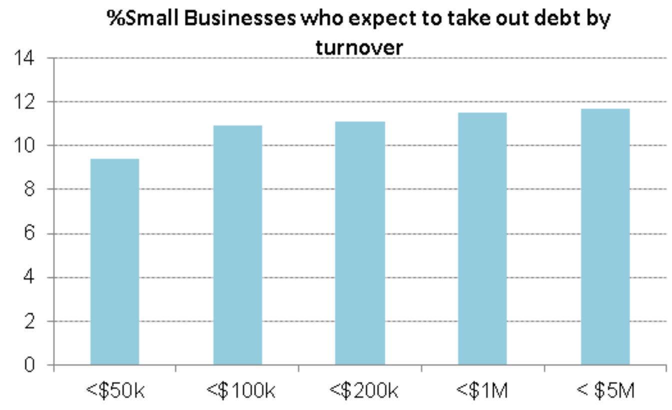
Just over one in five businesses with a business lending product will maintain their debt level (225,000 businesses) while about *one in ten* small businesses (79,500) expect their current debt to increase.

Of those small businesses who currently do not have a lending product, almost one in seven or 135,000 businesses say that they expect to take out debt over the next 12 months.

Eleven per cent (11%) of all small businesses or a total of 214,500 businesses plan to take out or increase their debt over the next 12 months (i.e. 135,000 plus 79,500).

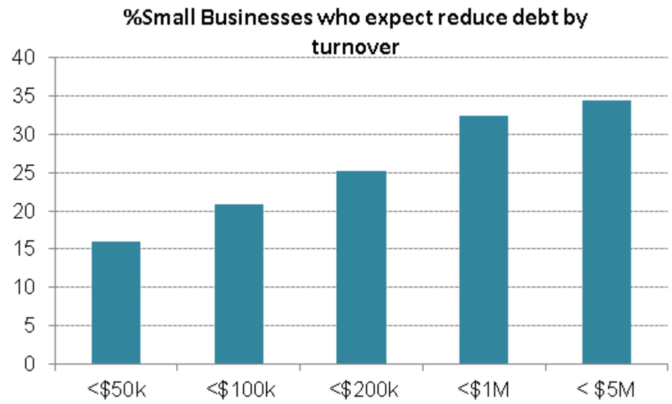


As turnover increases there is a slightly higher likelihood that small businesses expect to take out debt over the next 12 months. That is, 9.4% of businesses whose turnover is under $50,000 expect to take out debt while 11.7% whose turnover is $1 million or over expect to take out debt.



[1] As at end of March 2013

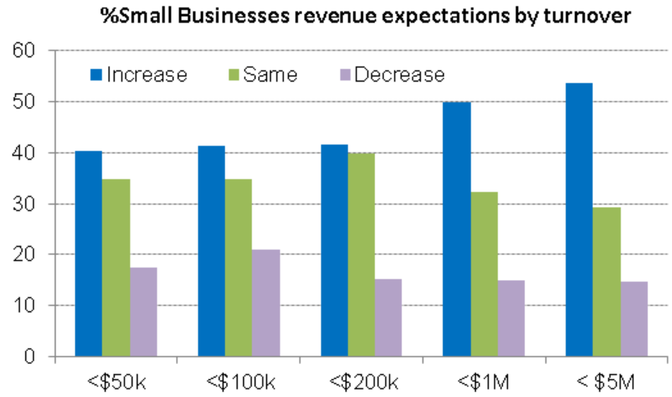
As turnover increases, the proportion of small businesses who expect to reduce their debt increases.



11. Revenue expectations

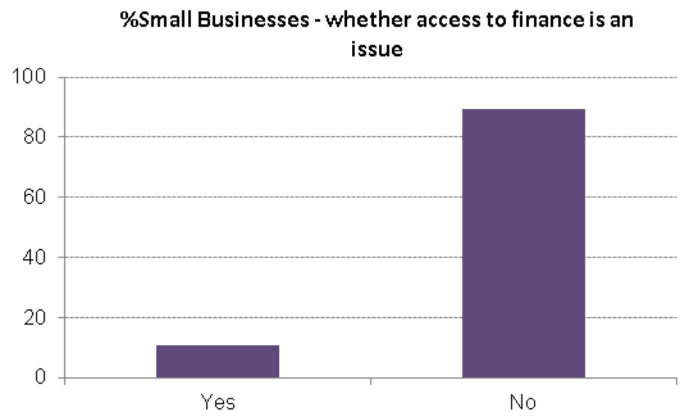
Revenue expectations for the next 12 months display different behaviour above and below the $200,000 level. That is, for small businesses with turnover of $200,000 or less; those who expect their revenue to increase rose very minimally from 40% (<$50K) to 42% ($100K to $200K). Above that, there is a jump to 50% and over. That is, 50% of small businesses with turnover of $200,000 to $1 million expected their revenue to increase rising to 54% for those with turnover of $1 million and over.

For businesses whose turnover is $100,000 or more, the proportion which expects their revenue to decrease is 15%.

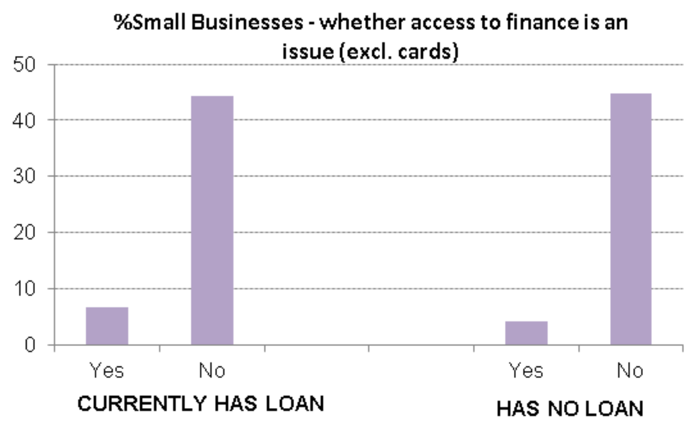


12. Access to finance or capacity to finance growth

Almost nine in every ten (89%) small businesses said that they did not see access to finance or the capacity to finance further growth in their business as an 'issue'.



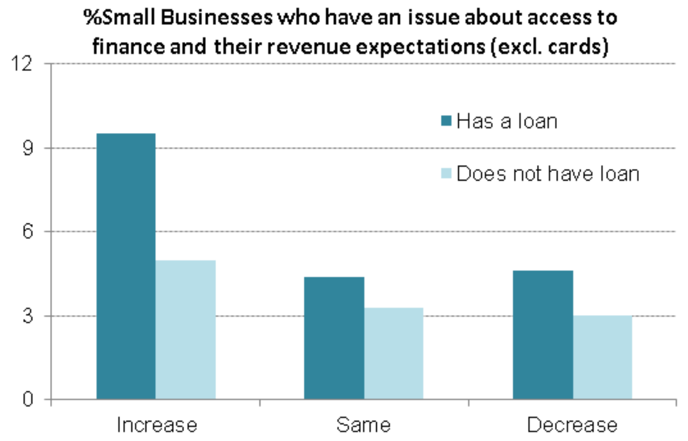
Four per cent (4%) of small businesses say that access to finance is an issue <u>and</u> don't have a loan (excluding cards).



The following chart focuses only on those small businesses who report having an issue about access to finance. There are around 206,000 small businesses or 11% of small business who have a concern about access to finance.

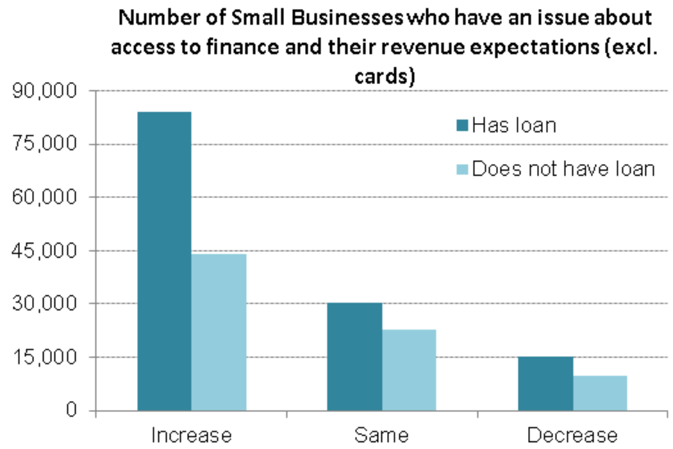
An estimated 127,500 small businesses or 7% of small businesses have concerns about access to finance and also have a loan while 78,000 or 4% of small businesses have concerns about access to finances but do not have a loan.

If this is further disaggregated by revenue expectations, it can be seen that whether or not the small business has a loan, it is those who are looking at increasing their revenue who experience a higher propensity to having concerns with access to finance.



The same chart is reproduced below showing the estimated number of small businesses.

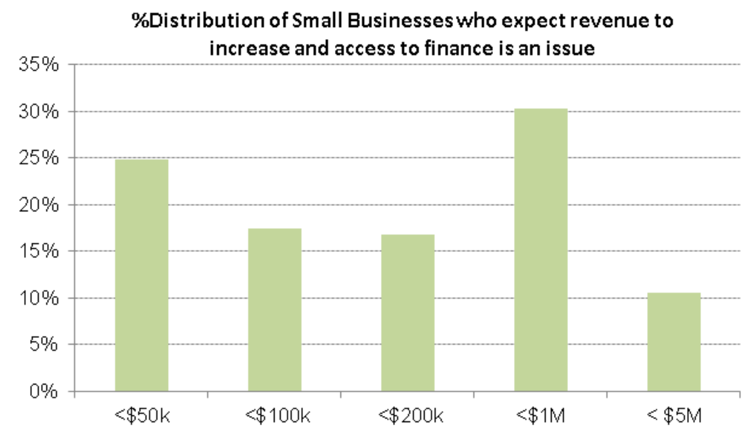
Of the estimated 206,000 small businesses that have a concern about access to finance, 127,500 or 62% of these small businesses currently have a loan. Additionally, 84,000 or 41% say that they expect their revenue to increase in the next 12 months and currently have a loan.



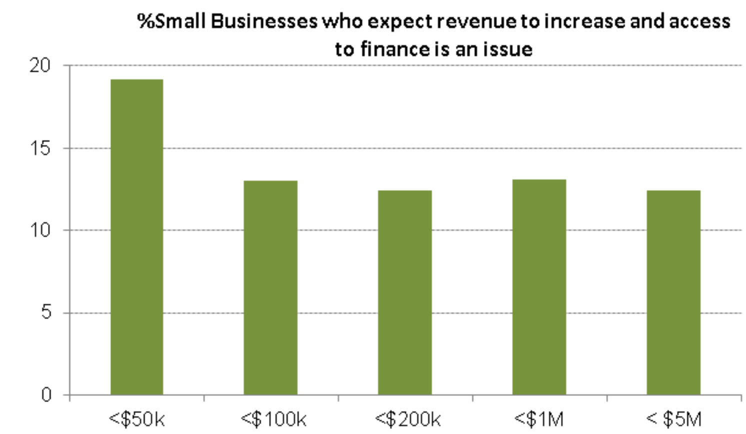
13. More detail on those expecting business revenue to increase

An estimated 883,000 small businesses or 44% expect their revenue to increase over the next 12 months. Of these, 14.5% or 128,000 small businesses have noted that access to finance or capacity to finance further growth is an issue for them. This equates to 6.6% of all small businesses.

Of those 128,000 small businesses who are expecting to increase their revenue and who also say that access to finance is an issue, almost one-quarter (24.8%) have turnover of less than $50,000 while 30% have turnover between $200,000 and $1 million.

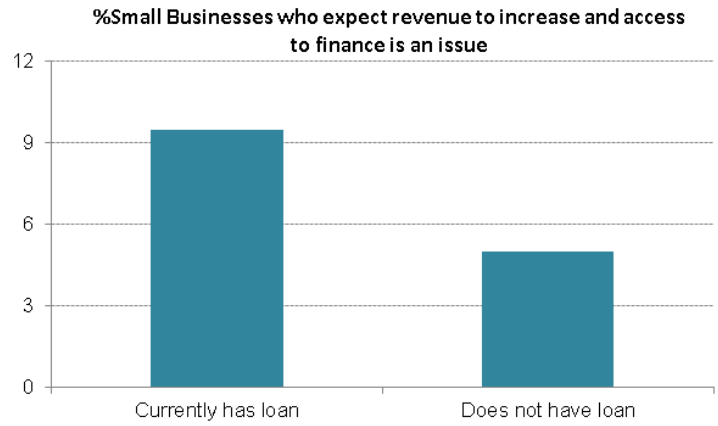


Looking inside each turnover band shows that nearly one in five (19.2%) small businesses with turnover of less than $50,000 say that they expect revenue to increase in the next 12 months but they also have an issue with access to finance. Over the remaining turnover four bands, this levels out to 12% to 13%.

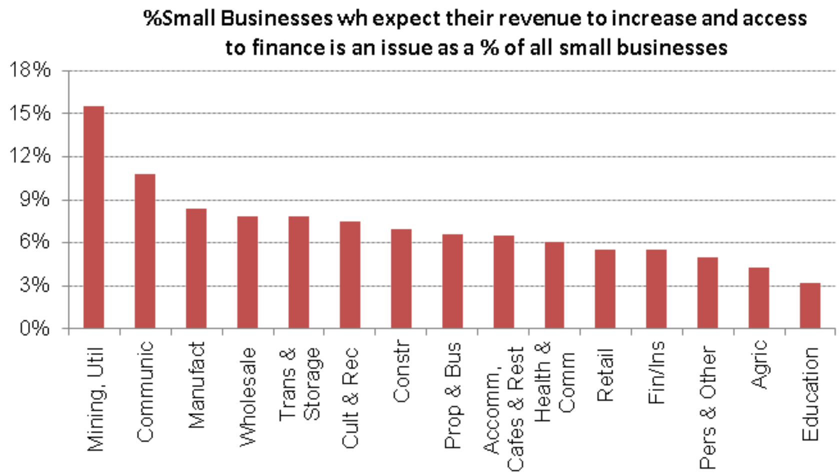


Two thirds of small businesses that expect their revenue to increase and who have stated that access to finance is an issue currently have a loan while the remaining one third do not.

Of those small businesses who expect their revenue to increase (883,000 small businesses), 10% say that they will have an issue with access to finance and already have a loan while a further 5% do not have a loan. In terms of total small business (1,985,747 small businesses) this equates to 4% with a loan and 2% without a loan that have an issues with access to finance.

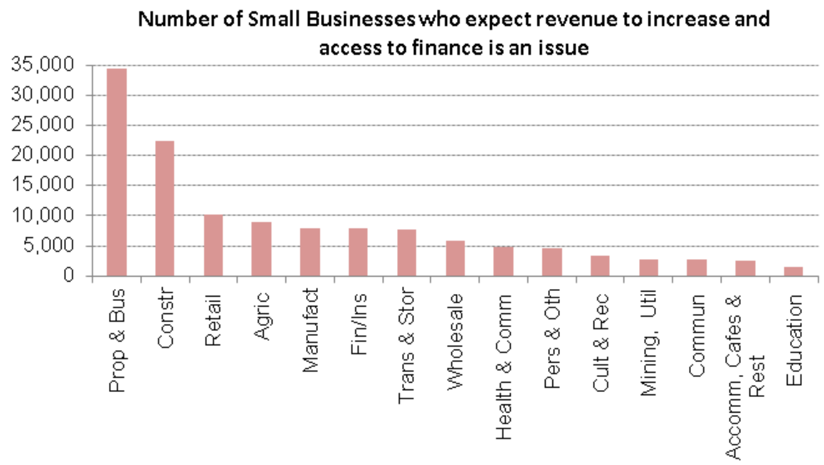


It is the mining and utilities industry that has the highest proportion (15.5%) of all small businesses in that industry who says that their revenue is expected to increase in the next 12 months but also say that access to finance is an issue. Education has the lowest proportion at 3.2%.



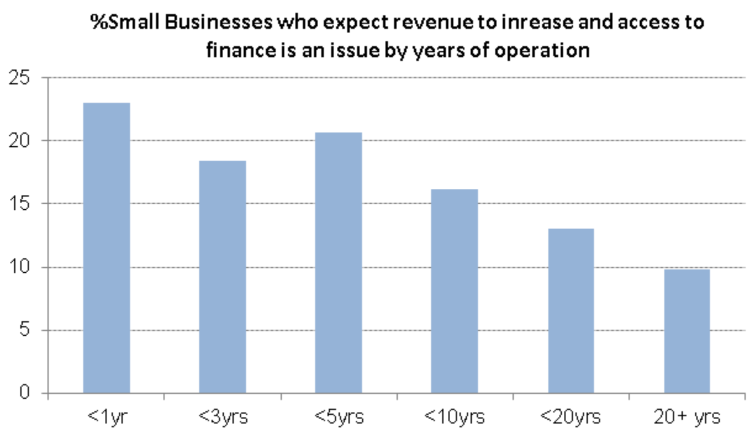
Although the mining and utilities industry may have the highest proportion of small businesses who say that their revenues will increase in the next 12 months and also say that they have an issue with access to finance, when considered on the basis of <u>number</u> of small businesses, the number is relatively small (2,835 businesses).

It is the property and business services industry that has the highest <u>number</u> of businesses (34,416 businesses) who say that they expect their revenue to increase and also say that access to finance is an issue. (It is also important to remember that there are 520,000 small businesses in the property and business services industry so the number expressing concern equates to 6.6%, which is consistent with the total of all industries of 6.6% expressing a concern).

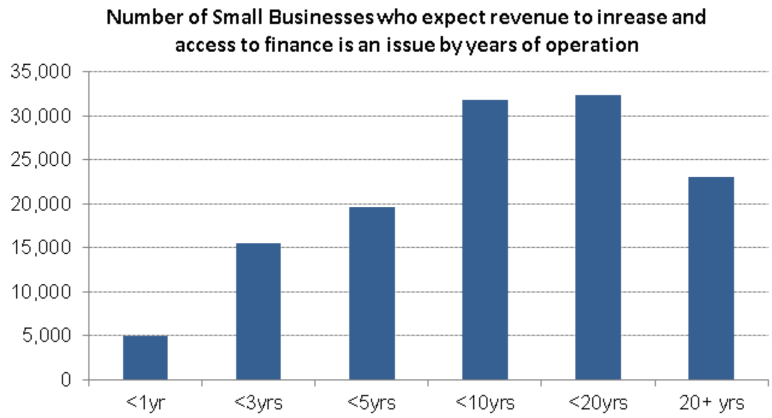


As the years of operation increase there is a downward trend in the proportion of small businesses who expect their revenue to increase and also say that they have an issue with access to finance. In other words, concerns with access to finance becomes less of an issue.

For small businesses that have been operating less than one year, 23% of those who say that their revenue will increase also say that access to finance is an issue. This falls to 13.0% for those small businesses operating 10 to 20 years and then to 9.8% for those operating 20 or more years.



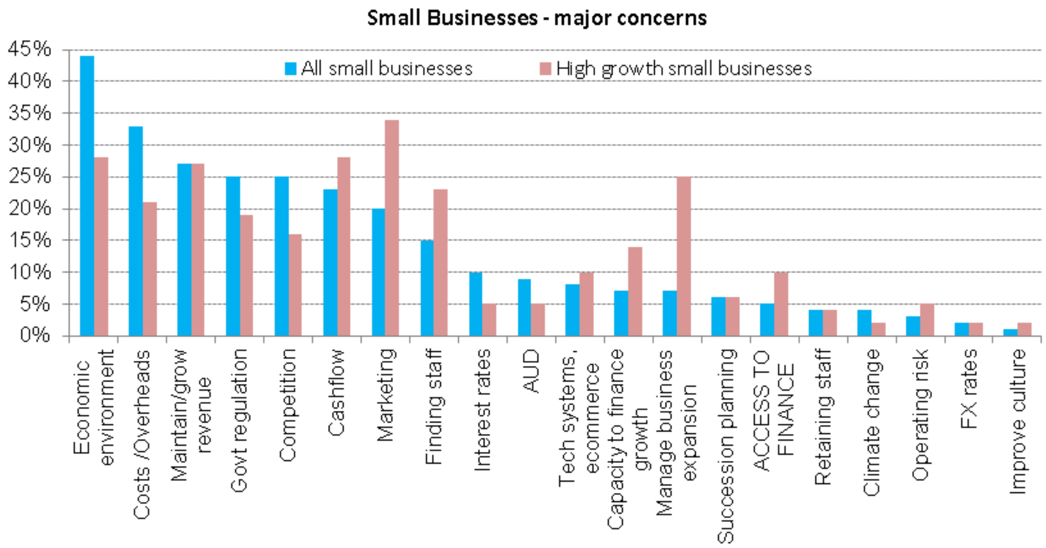
The chart below shows the estimated numbers of small businesses who expect their revenue to increase and who also say that access to finance is an issue.



14. Small business concerns

Access to finance is one of a range of concerns that businesses have. The following chart has been constructed from DBM data. It shows what the major concerns of small businesses are. Additionally, it shows the difference between the results for small businesses in aggregate and for high growth small businesses.

While access to finance is not the top rated issue concerning small businesses, it remains an issue, especially for those small businesses seeking to grow.

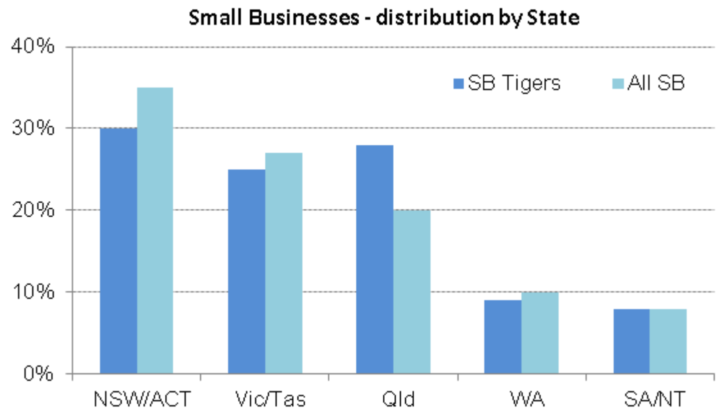


15. A look at high-growth small businesses

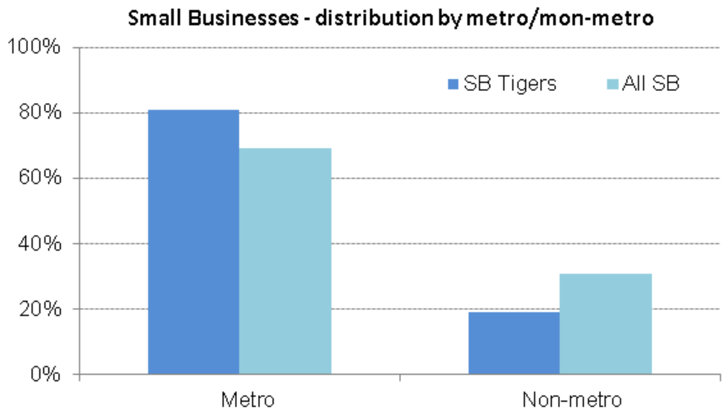
This section focuses on those small businesses which anticipate high revenue growth over the next 12 months and provides a selection of comparisons with all other small businesses.

These high revenue growth businesses are referred to as 'tigers'. The DBM data show that 8% or 167,000 small businesses expect their revenue to increase substantially over the next 12 months.

When compared with the overall distribution of small businesses across the states, tigers are in greater proportions in Queensland only.

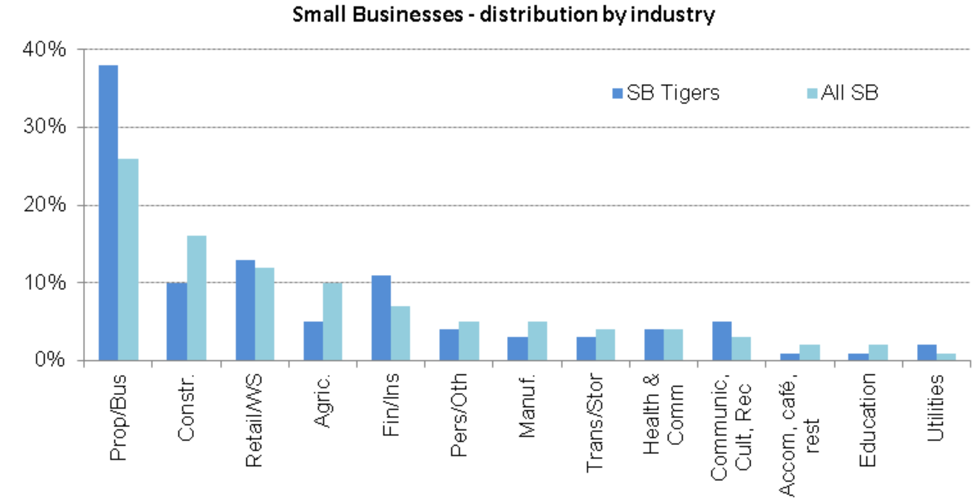


Eighty-one (81%) of high-growth small businesses are located in metropolitan areas while for small businesses overall this falls to 69%.

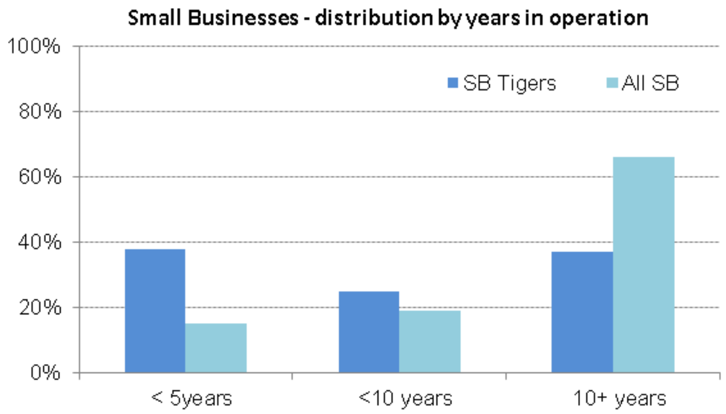


Tigers are in higher proportions in the property and business services, retail and wholesale trades, finance and insurance, communications, culture and recreation and utilities.

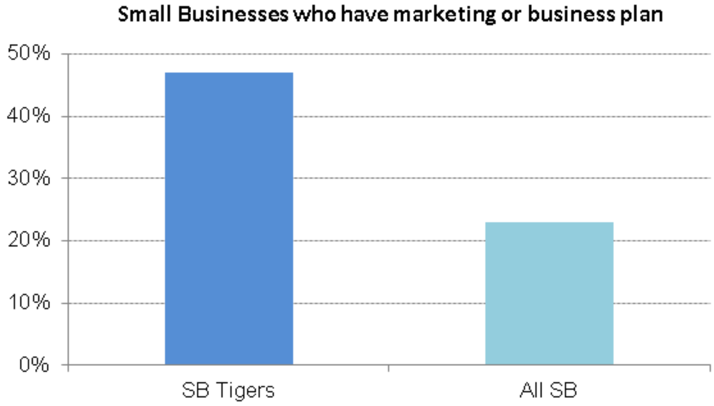
The data shows that nearly four in every ten tigers (38%) is in property and business services.



Tigers are in higher proportions when the years of operation of the business are less than 10 years. That is 63% of tigers have operated less than 10 years while overall this is 34% (for all small businesses). Even so, in terms of numbers, there are almost as many tigers which have operated for more than 10 years than those which have operated less than five years (37% vs 38% respectively).



High-growth small businesses (tigers) are twice as likely to have a business or marketing plan in place when compared with all other small businesses.



High-growth small businesses are over four times more likely to employ staff in the next 12 months.