



## News

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### New year, new economy: Aussie business super confident for 2010

Figure 1: Balance percentage of optimism/pessimism over the next 12 months

	Chile	85
	India	84
	Australia	79
	Vietnam	72
	Brazil	71
	Philippines	68
	New Zealand	66
	Hong Kong	64
	Botswana	62
	Canada	62
	Singapore	62
	Mainland China	60
	South Africa	60
	Malaysia	49
	Poland	44
	Sweden	39
	Germany	38
	Armenia	32
	Argentina	31
	Global	24
	Taiwan	23
	Mexico	20
	United States	20
	Netherlands	16
	United Kingdom	16
	Belgium	13
	Turkey	13
	Thailand	12
	Russia	10
	Italy	9
	Denmark	2
	Finland	-10
	France	-13
	Greece	-23
	Ireland	-42
	Spain	-56
	Japan	-72

Optimism has skyrocketed following a tough year for Australian businesses, according to new research.

The majority (79%) of privately held businesses in Australia have declared they are significantly more optimistic about the domestic economy compared to 2009, where the impact of the global financial crisis saw optimism levels at just 11%.

As the third most optimistic country in the world, according to the Grant Thornton International optimism/pessimism barometer – Australia is leading the charge ahead of businesses in the traditionally strong markets of the UK and United States, and only slightly behind the emerging Indian market

The 2010 Grant Thornton International Business Report (IBR) tracks market sentiment amongst more than 7,400 business owners from 36 different economies. Based on the data, analysts create a global league table, which records whether each of the respondent nations has a net optimistic/pessimistic outlook for the year ahead\*.

According to the latest data, average optimism across the globe has improved by 40% over the last 12 months, moving from a negative net score of -16%, to a positive 24%. This jump was reflected in all participating countries (bar two) registering positive scores, compared to last year where only one-third were optimistic.

In relation to specific business outcomes, Australian respondents expect to see the following trends:

- 95% expect their revenue in 2010 to increase or remain the same
- 90% believe their profitability will hold steady or rise
- 95% will not make any additional staff cuts, and plan to build their workforce in 2010

Tony Markwell, National Head of Privately Held Business at Grant Thornton Australia, commented:

“The past year has been a testament to the Australian entrepreneurial spirit. Businesses have responded quickly and effectively to changing economic conditions by exploiting their size and flexibility as private entities. Many of our clients have held strong and ensured they have a strategic plan in place for the new marketplace conditions post recession – an approach which has considerably contributed to Australia’s positive global position and relative protection from the full impact of the GFC.”

Despite such positivity, just over one third (36%) of respondents expect selling prices to increase over the next 12 months.

“This tells us that although businesses anticipate greater activity in the marketplace following the relative halt of the past year, this movement will not be passed onto the consumer immediately – which is a positive step in this rebuilding phase,” Markwell explained.

### **State rankings**

Australia’s above-average confidence score for 2010 was boosted in particular by strong responses from businesses in Western Australia:

- 90% of those surveyed in WA were optimistic about 2010
- New South Wales and Queensland recorded the most dramatic increases in optimism.

Commenting on the high optimism scores registered by businesses in Western Australia, Tony Markwell remarked:

“In last year’s report, Western Australia also proved to be far more optimistic than other states, highlighting the relative speed at which it has recovered from the crisis. We can attribute this quick resurgence very much to the strength of the mining sector, which has led the charge in maintaining the country’s resilience over the last 12 months, as well as into the next twelve.”

“In addition to this, the recent rainfall across rural Queensland and NSW has meant that many farmers are feeling highly optimistic about their future, and can see agriculture as once again spearheading Australia’s global economic strength.”

“Although Australia was very fortunate to not have officially experienced a recession, we were still very much impacted by the GFC with many businesses being forced to cost cut across the board. More than ever, as we enter the re-building phase, sound business planning and financial management, as well as utilising Government support, are vital to Australia’s continued prosperity.”

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**For further detailed analysis or interviews with Tony Markwell, please contact:**

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\*The 'balance of optimism/pessimism' (as displayed in the chart above) is calculated by subtracting the percentage of those who made a negative forecast about the year, from the numbers who were positive about prospects for 2010. The difference between the two figures becomes the net positive or negative score for that country

#### **Australian Regional Breakdown**

Over 250 medium to large Australian privately owned businesses participated in the survey in October 2009. Medium to large companies are defined as having between 20-299 employees.

The following data shows the sentiment trends tracked amongst business owners over the last three years, with the percentages below indicating the number of entrepreneurs who indicated they were either very or slightly optimistic about the coming year:

State	2010	2009	2008
NSW	84%	37%	74%
QLD	83%	37%	50%
SA	82%	62%	68%
VIC	82%	44%	72%
WA	90%	52%	91%

#### **The International Business Report**

Grant Thornton International started a major annual survey of the attitudes and expectations of small and medium-sized businesses in 1992 called the European Business Survey (EBS). In 2003 the research project was widened to an international perspective covering medium-sized businesses and renamed the International Business Owners Survey (IBOS).

In 2007, the survey's name was changed from IBOS to the International Business Report (IBR). The IBR survey draws upon 17 years of trend data for original EBS participants and 7 years for original IBOS countries. The 17 year trend data is available for: France, Germany, Greece, Ireland, Italy, Netherlands, Spain, Sweden and the United Kingdom, while the 7 year trend data is available for Australia, Canada, Hong Kong, India, Japan, Mexico, Russia, Singapore, South Africa and the United States.

Grant Thornton International will donate US\$5 to UNICEF for every completed IBR questionnaire. In 2009, this will result in a donation of almost US\$36,000.

The research was conducted by Experian Business Strategies Limited. To find out more about IBR and to obtain details of IBR reports and results please visit [www.internationalbusinessreport.com](http://www.internationalbusinessreport.com).

#### **About Grant Thornton Australia**

From market-leading services for the owners of private businesses, to audit, to insolvency and capital markets services for corporations, and to innovative taxation and wealth management services for individuals, Grant Thornton in Australia helps business owners achieve success and realise their ambitions.