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### MEDIA RELEASE

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#### **No confidence in Labor sees small business profitability at 18 year low**

The latest *Sensis Business Index* has shown small businesses profitability fell during the quarter with further falls still expected in the next 12 months. This fall in profitability has been fuelled by a lack of confidence in the Gillard government.

At a time of sustained mismanagement by the Gillard Labor government, business confidence continues to erode with a fall from a net 28 per cent to 15 per cent.

Perceptions about the state of the economy also deteriorated from a net -7 per cent to a net -35 per cent with only 13 per cent of respondents believing the economy is growing and 48 per cent believing the economy is slowing.

Support for Labor's policies has fallen by 7 percentage points to net -48 per cent with the Labor-Green carbon tax one of the key reasons once again identified for the collapse.

These sobering statistics backs up the field evidence that small businesses are doing it tough and Julia Gillard must listen to the electorate and scrap the ill-conceived carbon tax.

The Labor-Greens carbon tax will cascade through supply chains and compounds at each stage.

These cost increases and lack of any compensation will particularly harm smaller businesses where higher energy costs, longer supply chains and limited market power to push back on input cost increases will make difficult business conditions even worse.

Despite a chorus of concern from the small business and the retail community about the added cost of energy and inputs, no compensation has been provided and the risk to jobs, small businesses and retail viability has been ignored.

Retailer efforts to find operating cost savings to offset cost increases caused by Labor's carbon tax will put even more pressure on employment, with 300,000 jobs already lost in small business since the election of Labor.

The men and women of Australia's small business sector work hard take risks and create jobs right across Australia's economy. They deserve a government that supports them.

The Coalition is committed to the small business sector and determined to ensure that government makes it easier, not harder, for small business to prosper and grow.

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