

Sensis® *Business Index*
Special report
for the
Department of Communications,
Information Technology and the Arts

ICT production
in Australian SMEs

June 2006



Table of Contents

Introduction	3
About the survey	4
ICT Production in Australian SMEs	5
Extent of ICT production in Australian SMEs	5
Industry profile of ICT producing SMEs	6
Export profile of ICT producing SMEs	7
Gender and size profile of ICT producing SMEs	8
ICT production for sale	9
ICT production for internal use	11
Production of embedded ICT	13
Software development	15
Broadband	16
ICT systems	17
ICT projects	18
ICT ideas and linkages	19
ICT research and development	20
Appendix 1 - Questions	22
Appendix 2 – Relevant ANZSIC codes	32

Tables

Table 1 ANZSIC classification of ICT producing SMEs	6
Table 2 Export profile of SMEs by ICT production and for the ICT sector	7
Table 3 ICT items produced for sale by SMEs	10
Table 4 ICT items produced for internal use by SMEs	12
Table 5 Internal design and development of ICT goods or services used internally by SMEs	12
Table 6 End products containing embedded ICT components produced by SMEs	14

Introduction

The Sensis® *Business Index – Small and Medium Enterprises* is an ongoing series of surveys designed to track confidence and behaviour in the small business sector.

The primary objectives of the *Index* are to track small and medium business activity over the past three months; expectations over both the next three and 12 months; and to measure overall confidence within the small business community. A second purpose is to provide an independent, objective channel for reporting proprietors' experience and attitudes on key issues. The Sensis® *Business Index* is based on a sample size of 1 800 small and medium enterprises (SMEs) from metropolitan and regional areas of Australia.

The Sensis® *Business Index* enables broad scrutiny of the SME market, as well as an understanding of trends and issues relevant to this sector. It examines the differences in attitude and experience between regional and metropolitan SMEs, and between small and medium enterprises. The aim of the Sensis® *Business Index* is to reflect the attitudes and behaviour of approximately 99 per cent of the Australian SME business sector.

As part of the May 2006 Sensis® *Business Index*, questions were asked covering the production of information and communication technology (ICT) goods or services in SMEs. SMEs were asked whether they produced ICT goods or services, either for sale or for their own internal use, what ICT goods or services they produced, the value of ICT produced, the extent and value of ICT exports by SMEs and the production of software by SMEs. In addition, SMEs were asked about their ICT systems and any major projects that they had undertaken, about their ICT ideas and linkages, and about their participation in and views on ICT research and development (R&D).

For the purposes of this analysis, ICT goods and services included (but were not necessarily limited to) hardware, components, software, advice or consultancy on computers or software, database development, repair of high technology equipment and web design.

This report builds on similar research that was conducted in May 2004 and May 2005 to see the extent to which there had been change, and to investigate some new areas. Where relevant, comparisons are made.

Another aspect of this research was to again test the hypothesis that ICT production was happening in industry sectors that were not traditionally considered ICT focused. To test this hypothesis, analysis by the Australian and New Zealand Standard Industrial Classification (ANZSIC) was performed. Another focus of this research was again to see the extent of exports of ICT goods and services by SMEs. To investigate these linkages data was analysed by the export profile of firms. Both ANZSIC classification and export profile of firms are collected as standard components of the Sensis® *Business Index*.

The investigation of this hypothesis leads to two differing concepts: ICT producing SMEs, which are across any sector, and SMEs in the traditionally defined ICT sector. The sector that was traditionally defined as producing ICT was defined as including ANZSIC codes 2841, 2842, 2849, 2852, 4613, 4614, 4615, 7120, 7831, 7832, 7833 and 7834.

The Sensis® *Business Index* is an initiative of Sensis as part of its commitment to this vital business sector. Surveying was conducted by Sweeney Research between 19 April and 31 May 2006.

This report was completed for the Australian Government Department of Communications, Information Technology and the Arts.

About the survey

Since its inception in 1993, the *Sensis® Business Index* has been one of the most comprehensive and regular surveys of small businesses in Australia. Historically, the *Sensis® Business Index* has focused specifically on businesses employing 19 people or fewer. In November 2000 it was expanded to cover the medium business sector, while the regional and industrial sectors were also enhanced.

The May 2006 *Sensis® Business Index* results are based on telephone interviews conducted with 1800 small and medium business proprietors. The sample size is divided between 1400 small businesses and 400 medium businesses (the latter defined as businesses employing between 20 and 199 people).

Businesses interviewed for the May 2006 *Sensis® Business Index* were drawn from all metropolitan and major non-metropolitan regions within Australia. Quotas were set on geographical location and type of business in order to produce the standard sample structure shown below. Where replacement businesses are recruited, this sample structure is maintained.

At the analysis stage, results were weighted by selected Australian New Zealand Standard Industrial Classification (ANZSIC) divisions within the metropolitan and non-metropolitan region of each state and territory. This ensured the sample reflected the actual small and medium business population distribution. The Australian Bureau of Statistics (ABS) Business Register, as at June 1998, was used to weight the sample to be representative of the total business population.

Interviewing for this latest survey was conducted from 19 April to 31 May 2006.

Location of business			
	Total	Metro	Non-metro
New South Wales	300	240	60
Victoria	300	240	60
Queensland	300	165	135
South Australia	225	195	30
Western Australia	225	195	30
Tasmania	150	90	60
Northern Territory	150	90	60
Australian Capital Territory	150	150	-
Total	1800	1365	435

Division	
Manufacturing	200
Building/construction	250
Wholesale trade	150
Retail trade	250
Accommodation, cafes and restaurants	100
Transport/storage	150
Finance and insurance	100
Communication, property and business services	300
Health and community services	150
Cultural, recreational and personal services	150
Total	1800

ICT production in Australian SMEs

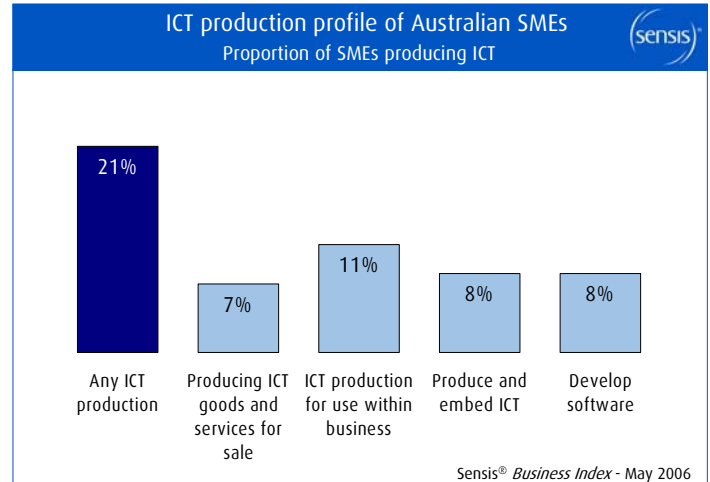
EXTENT OF ICT PRODUCTION IN AUSTRALIAN SMEs

The May 2006 Sensis® *Business Index* found that overall 21 per cent of SMEs were involved in some form of production of information and communication technology (ICT) goods or services. This included:

- those firms that produced ICT goods and services for sale (seven per cent of all SMEs);
- those firms that produced ICT for use within their business (11 per cent of all SMEs);
- those firms that produced ICT that was then embedded in non-ICT goods and services that they sold (eight per cent of all SMEs); and
- those firms that developed software in the last two years (eight per cent of all SMEs).

Again, there was some overlap between these four categories, with some SMEs being involved in all facets of ICT production, while other SMEs were only involved in one area of production, but in total, 21 per cent of all SMEs reported at least some involvement in some facet of ICT production. This result shows small but consistent growth in ICT production by SMEs, with the proportion of SMEs that are involved in some activity increasing in each of the past two years, from 16 per cent in May 2004, to 17 per cent in May 2005 to 21 per cent in May 2006.

In addition, there was some growth in each category of ICT production, with the largest growth being two percentage points in the area of producing and embedding ICT. All other areas grew by one percentage point over the past year.



Traditionally, ICT production has been thought of as predominantly occurring within the following ANZSIC codes: 2841, 2842, 2849, 2852, 4613, 4614, 4615, 7120, 7831, 7832, 7833 and 7834. The ICT sector, as defined by these ANZSIC codes, accounted for four per cent of the weighted sample of the May 2006 Sensis® *Business Index*.

Interestingly, 87 per cent of firms in the ICT sector had been involved in any aspect of ICT production, an increase from 81 per cent in the May 2005 Sensis® *Business Index*. Some SMEs in the ICT sector that are not involved directly in ICT production may be involved with other aspects of the ICT industry, for example distribution of technology. Questions in this survey were aimed purely at identifying ICT production.

More importantly, of the ICT production that was found to occur in this survey, only 17 per cent of firms occurred within the ICT sector, with the vast majority (83 per cent of production) occurring in firms outside the ICT sector. This was an increase from 15 per cent in May 2005. These findings are examined in greater detail in the following sections.

INDUSTRY PROFILE OF ICT PRODUCING SMEs

The May 2006 Sensis® Business Index found that the industry sector with the highest proportion of SMEs reporting some level of ICT production, was again the communications, property and business services sector, where 35 per cent in that sector reported some level of involvement in at least one facet of ICT production. With an equal level of participation, SMEs in the finance and insurance sector also reported strong levels of ICT production. Firms in the manufacturing and wholesale trade sectors also reported levels of participation in ICT production that were above average.

While SMEs in the ICT sector have a high propensity to produce ICT goods or services, there were SMEs that had some involvement in ICT production in every major industry classification, to varying extents. While the chart above right looks at ICT producing SMEs as a proportion of SMEs in broad ANZSIC Divisions, Table 1 examines in detail the two-digit ANZSIC classification of ICT producing SMEs, to gain an understanding of the extent of sectoral involvement in ICT production. Note that in this table, where the classification makes up less than three per cent of ICT producers, the result has been replaced by an asterisk.

In line with the previous two years' results, the business services sector still represents the highest concentration of ICT production on a sectoral basis. The other business services classification, which has a high concentration of ICT producing SMEs includes employment placement services, security and investigative services and contract packing services, as well as various other business services that are not classified elsewhere in the ANZSIC code.

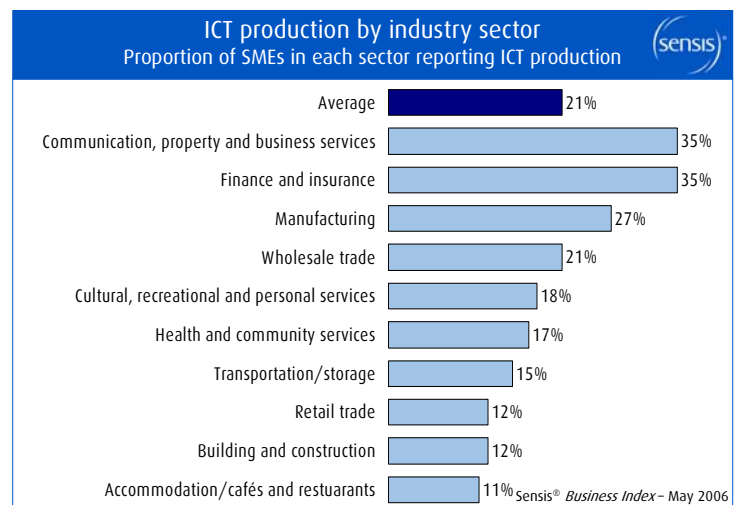


Table 1 ANZSIC classification of ICT producing SMEs

ANZSIC Code	Percent
21 Food, beverage and tobacco manufacturing	*
22 Textile, clothing, footwear and leather manufacturing	*
23 Wood and paper product manufacturing	*
24 Printing, publishing and recorded media	*
25 Petroleum, coal, chemical and associated product manufacturing	*
26 Non-metallic mineral product manufacturing	*
27 Metal product manufacturing	3
28 Machinery and equipment manufacturing	3
29 Other manufacturing	*
41 General construction	3
42 Construction trade services	4
45 Basic material wholesaling	*
46 Machinery and motor vehicle wholesaling	4
47 Personal and household good wholesaling	3
51 Food retailing	*
52 Personal and household good retailing	7
53 Motor vehicle retailing and services	*
57 Accommodation, cafes and restaurants	*
61 Road transport	*
65 Other transport	*
66 Services to transport	*
67 Storage	*
71 Communication services	*
73 Finance	4
74 Insurance	*
75 Services to finance and insurance	*
77 Property services	*
78 Business services	35
781 Scientific research	*
782 Technical services	*
783 Computer services	9
784 Legal and accounting services	*
785 Marketing and business management services	9
786 Other business services	9
86 Health services	6
87 Community services	*
91 Motion picture, radio and television services	*
92 Libraries, museums and the arts	*
93 Sport and recreation	4
95 Personal services	*
Total	100

EXPORT PROFILE OF ICT PRODUCING SMEs

Looking at the SME population in total, in May 2006, some 13 per cent of SMEs reported having exported goods and services in the past quarter. In addition a further two per cent reported that they were planning on exporting in the current quarter, with an additional two per cent reporting an intention to export in the coming twelve months.

Keeping in mind the export profile for SMEs in general, it can be seen in the chart opposite that the SMEs involved in ICT production are more likely to export than SMEs on average. Overall, 17 per cent of ICT producing SMEs were currently exporting. While this was significantly lower than the 25 per cent of ICT-producing SMEs that were exporting last year, it is still significantly higher than the export propensity of SMEs generally. The May 2006 Sensis® Business Index found the vast majority of these SMEs still had no plans to start exporting, though a small percentage did indicate some interest to export either in the next quarter or the next year. The proportion of ICT-producing SMEs that were considering exporting in either the coming quarter or the year ahead was twice as high as the general business population (eight per cent compared to four per cent).

Table 2 below presents a comparison between the ICT producing SMEs and those classified under the ICT sector. The export propensity of SMEs who had some level of ICT production was much higher than those who reported no ICT production. In particular, SMEs in the ICT sector showed the highest propensity to export, with 29 per cent of those SMEs currently exporting, compared to 17 per cent for ICT producing SMEs.

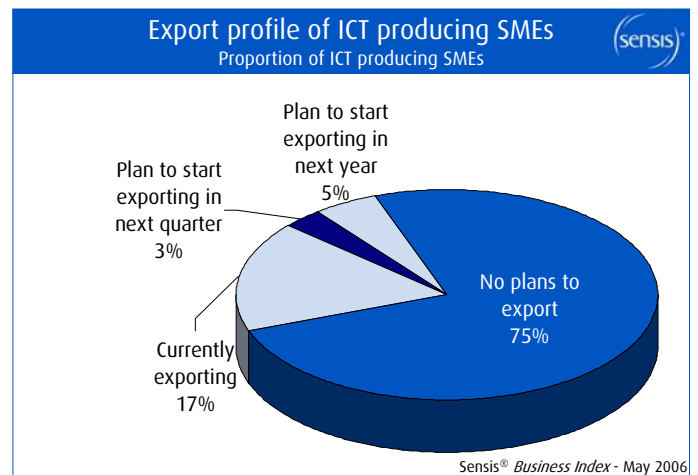
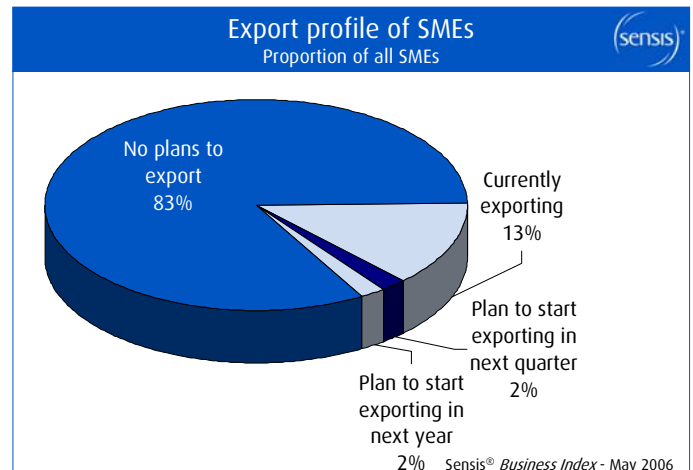


Table 2 Export profile of SMEs by ICT production and for the ICT sector – May 2006

	Any ICT Production?		ICT sector?		Average
	Yes	No	Yes	No	
Exported goods/services overseas in last three months	17%	12%	29%	12%	13%
Plan to start exporting in next three months	3%	1%	1%	2%	2%
Plan to start exporting in next twelve months	5%	1%	3%	2%	2%
No plans to start exporting	75%	86%	67%	84%	83%
Total	100%	100%	100%	100%	100%

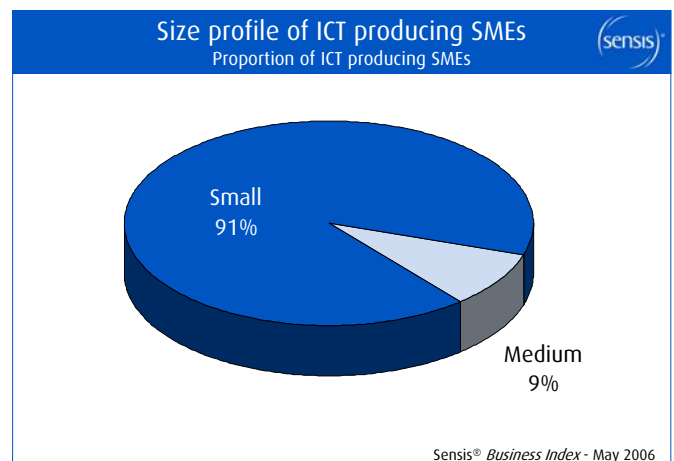
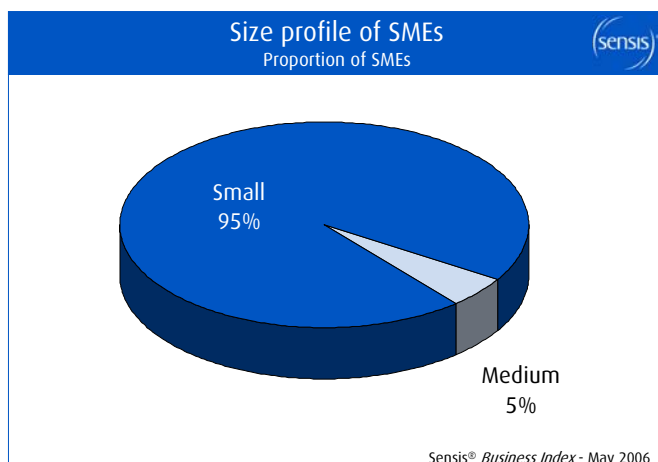
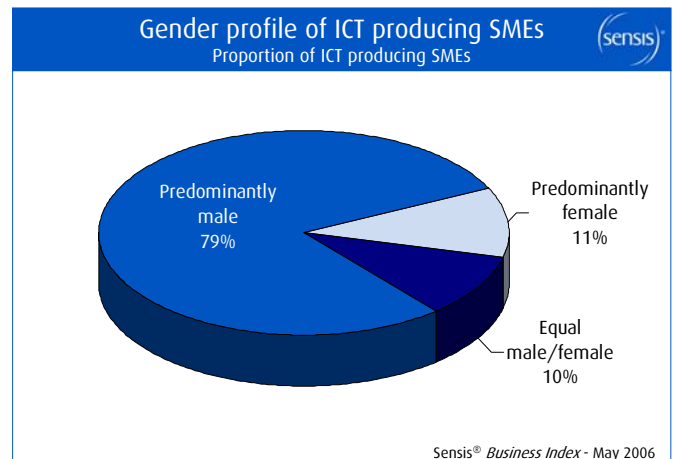
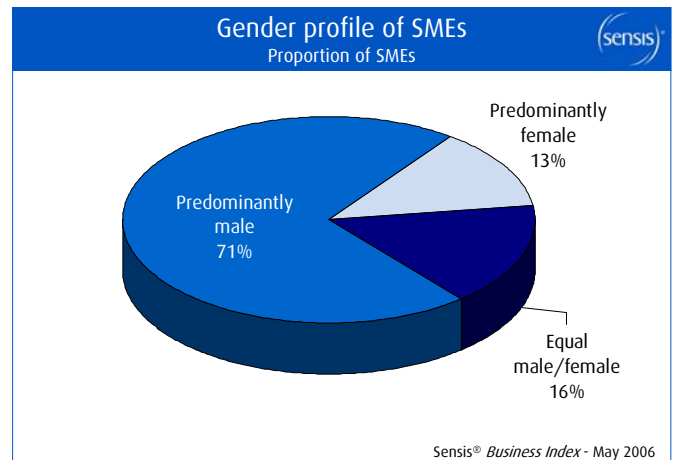
GENDER AND SIZE PROFILE OF ICT PRODUCING SMEs

It is interesting to compare some of the other characteristics of SMEs involved with ICT production with the SME population in general.

The Sensis® Business Index asks SME proprietors whether or not they are the sole decision maker in that business, and records gender for the key decision maker. If there is more than one decision maker, the majority gender of the key decision makers is recorded, or whether or not it is equally split for example in the case of two decision makers, one being male and the other female. The May 2006 Sensis® Business Index found that ICT producing SMEs were more likely to be predominantly male-operated than SMEs in general (79 per cent compared to 71 per cent).

When looking at business size*, the May 2006 Sensis® Business Index found that ICT producing SMEs were more likely to be medium businesses than the average SME population, with nine per cent of ICT producing SMEs being medium-sized, compared to five per cent of SMEs on average. It is interesting to note that this proportion has dropped marginally from 11 per cent in May 2005.

*small businesses are defined here as those with less than 20 employees and medium businesses as those with 20 to 199 employees



ICT PRODUCTION FOR SALE

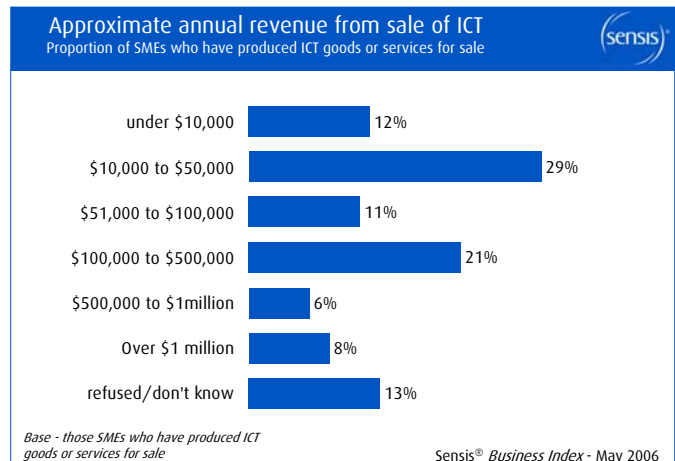
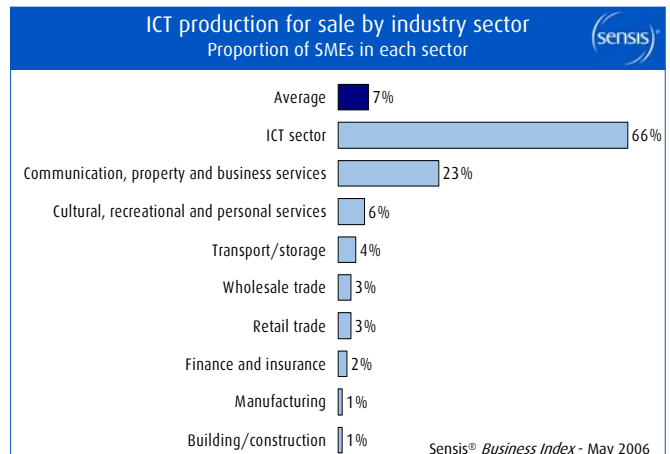
To provide SMEs with an idea of the breadth of goods or services that could be encompassed by the term ICT, SMEs were given examples of ICT production. These included hardware, components, software, advice or consultancy on computers or software, database development, repair of high technology equipment and web design. However, ICT production was not limited to these goods.

When asked whether their business produced any ICT goods or services for sale, seven per cent of all SMEs responded that they did, which was an increase from the six per cent reporting ICT production in May 2005 and level with the seven per cent that reported production in May 2004. Consistent with last year's findings, the communication, property and business services sector recorded the highest proportion of SMEs producing ICT for sale. This was followed by the cultural, recreational and personal services sector, but at a much lower level.

The most frequent amount of revenue gained from the sale of ICT in the last twelve months was between \$10,000 and \$50,000. Compared to last year's finding where the most frequent amount of revenue was between \$500,000 and \$1 million. These findings show a slight downward movement in the average level of revenue from the sale of ICT goods and services. In May 2006, some 35 per cent of ICT producing SMEs reported earning over \$100,000 from the sale of ICT goods and services they produced. While this was down slightly from May 2005, where 42 per cent of ICT producing SMEs reported earning over \$100,000 from the sale of ICT goods and services, it was up from 32 per cent in May 2004. The decrease in average revenue recorded this year, taken with the increased proportion of SMEs involved in ICT production, points to most new entrants not surprisingly having lower revenue levels than established ICT producers.

Using a midpoint calculation, the total amount of revenue from the sale of ICT goods and services produced by SMEs is in the vicinity of \$19.9 billion¹, over two per cent of Australia's Gross National Income. As a very conservative estimate, using the lowest point of each revenue range, the total amount of revenue would be at least \$7.5 billion.

¹ This calculation assumes a midpoint value of production for each revenue range against a weighted base of 54 353 firms, which was split as shown against the various revenue ranges.



It is also interesting to look at the level of volatility in the trend estimates for revenue. Over the course of this study, the estimate for total revenue from a midpoint estimate has varied from \$23.5 billion in 2004, to \$27.5 billion in 2005, to \$19.9 billion in 2006. The lower level of value recorded in this latest report is due in part to the increase in ICT producing SMEs. Many of these are producing ICT at lower levels of revenue, which is not unexpected for businesses undertaking a new activity. In addition, the total amount has also been influenced by having fewer businesses nominating revenue amounts over \$1 million. With relatively low proportions of businesses reporting revenues from ICT at more than \$1 million, higher revenue brackets were not reported in 2006, unlike in previous years, which will also have some impact in lowering the midpoint calculation.

Some 92 per cent of SMEs who had produced ICT goods or services for sale had exported some of their products, an increase from 74 per cent last year. There was a fall, however, in the average revenues that ICT exporters earned from their exports, reflecting in part the increase in the proportion of ICT exporters. The most common amount of revenue that SMEs had received for the export of ICT goods and services (up to \$10,000) was reported by 33 per cent of SMEs who had exported ICT products.

The top export destination for SMEs that reported producing and exporting ICT goods or services was Europe, reported by 44 per cent of these SMEs, followed by North America and Asia, where 35 per cent and 33 per cent of ICT producing and exporting SMEs exported respectively. It is interesting to note the increase of 12 percentage points in SMEs exporting ICT to North America. This is consistent with larger numbers of SMEs exporting to the United States in general since the Free Trade Agreement was signed in January 2001.

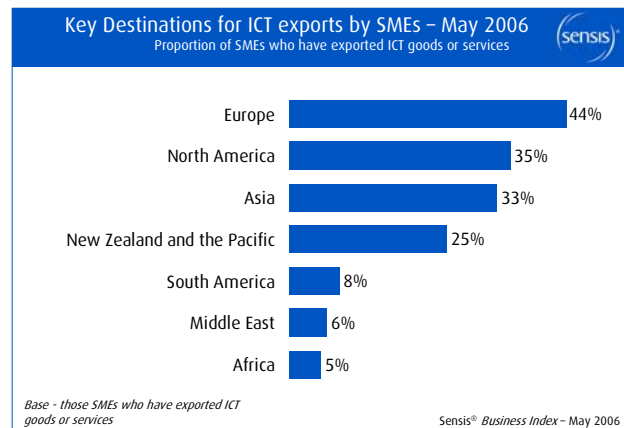
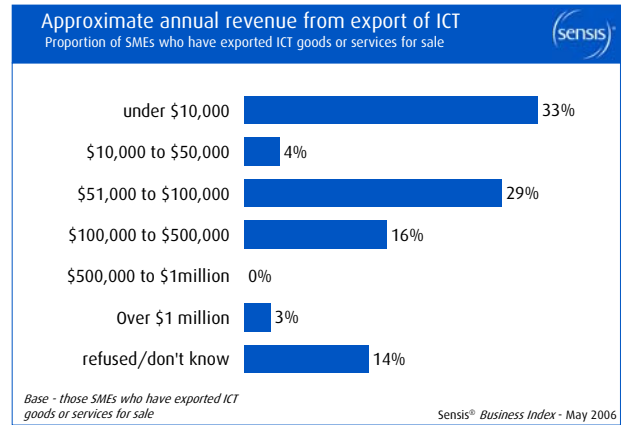


Table 3 ICT items produced for sale by SMEs

Base - those SMEs who produced ICT goods or services for sale in each sector (an average of seven per cent of all SMEs)

ICT ITEMS PRODUCED	AVERAGE	INDUSTRY SECTOR								
		Manufacturing	Construction	Wholesale trade	Retail trade	Transport and Storage	Communications, property and business services	Finance and insurance	Cultural, recreational and personal services	
Computer and data processing services (e.g. website design, software services etc)	56%			*	*		*		*	
Computer consultancy services	46%		*	*	*		*		*	
Packaged and customised software	46%	*	*	*	*		*	*	*	
Hardware and software maintenance	28%	*	*	*	*		*		*	
Information storage and retrieval services	25%	*	*	*	*	*	*		*	
Computer hardware	23%	*	*	*	*		*	*	*	
Electronic equipment	23%	*	*	*	*	*	*		*	
Computer and communications consumables (e.g. floppy disks, CDs, toner cartridges, etc)	21%	*	*	*	*	*	*		*	
Installation and cabling services	18%		*	*	*		*		*	
Computer and communications parts and components (e.g. circuit boards, chips etc)	15%	*			*		*		*	
Communications hardware	12%	*	*	*	*	*	*		*	
Telecommunication services	7%		*	*	*		*		*	
Other	8%	*	*	*	*		*		*	

* indicates a sector nominating that item of ICT production

ICT PRODUCTION FOR INTERNAL USE

When asked whether their business produced any ICT goods or services specifically for use within their business, on average 11 per cent of SMEs responded that they did. This is a marginal increase from ten per cent for the previous year. While there was some production in all sectors, the finance and insurance sector (excluding the ICT sector) was the sector with the greatest propensity for ICT production for internal use, with 30 per cent of SMEs in that sector reporting that they produced ICT for internal use.

The item most frequently produced for internal use was software, which was nominated by 26 per cent of firms that had produced ICT for internal use. The next most frequently produced items were web design, finance and accounting systems.

At the industry level, the May 2006 Sensis® Business Index found that the communication, property and business services sector accounted for the highest proportion of ICT production for internal use at 37 per cent, which was a decrease from 41 per cent in May 2005.

The majority (72 per cent) of SMEs that produced ICT goods and services for their own internal use had developed these products internally. Overall, some 42 per cent reported having used an external designer or developer, with some 14 per cent using a combination of internal and external development. Of the 72 per cent of SMEs that had developed ICT internally, the survey found that a large proportion (71 per cent) had designed or developed these ICT goods and services from scratch, as shown in Table 5.

Of these SMEs, 45 per cent reported that the estimated value of their innovations was under \$10,000, with 23 per cent reporting a value from \$10,000 to \$100,000 and 17 per cent reporting a value of over \$100,000. While most had no intention to sell the ICT they had produced for their own internal use, some 17 per cent said they were intending to do so, with most intending to do so in the very short term (within three months) or the longer term (over two years).

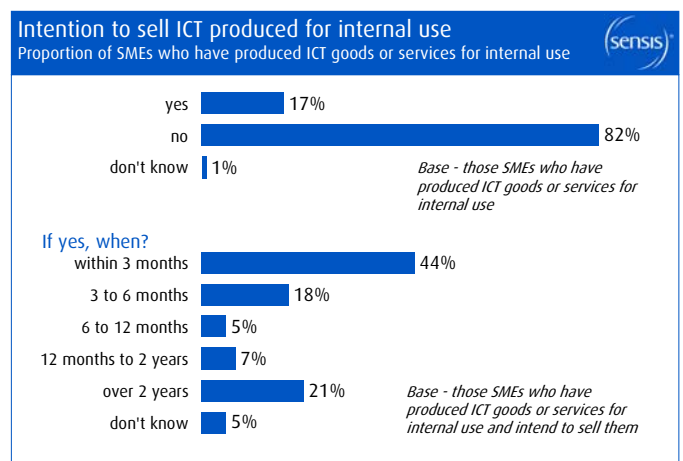
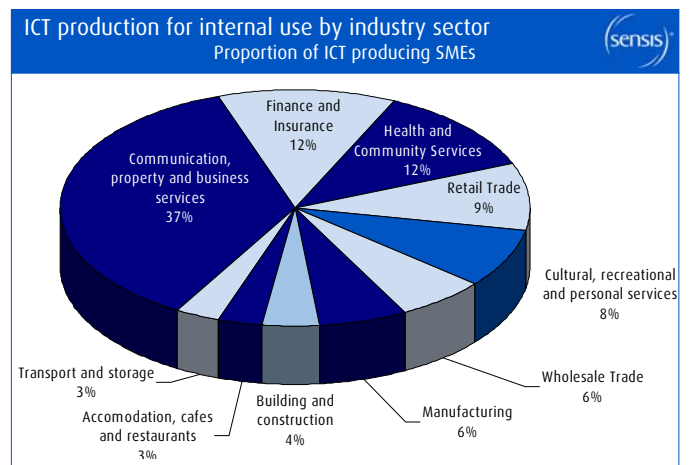
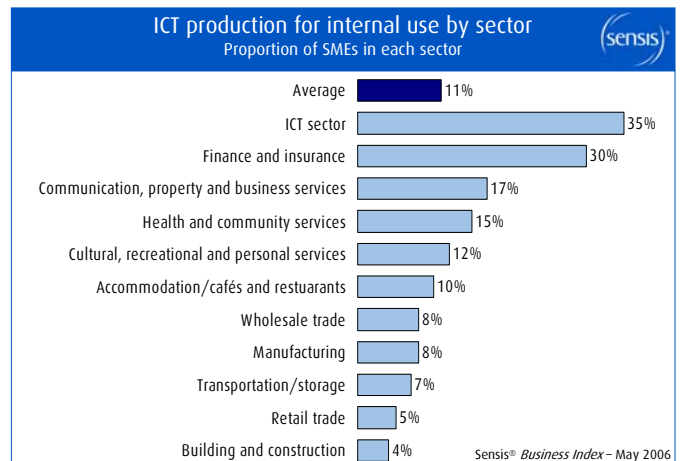


Table 4 ICT items produced for internal use by SMEs

Base – those SMEs who produced ICT goods or services for internal use in each sector (an average of 11 per cent of all SMEs)

ICT ITEMS PRODUCED FOR INTERNAL USE	AVERAGE	INDUSTRY SECTOR									
		Manufacturing	Construction	Wholesale trade	Retail trade	Transport/storage	Communications, property and business services	Finance and insurance	Health and community services	Cultural, recreational and personal services	Accommodation, cafes and restaurants
Customised software	26%	*	*	*	*		*	*	*	*	*
Finance/accounting	14%	*	*	*	*		*	*	*	*	*
Website design	14%	*	*		*	*	*	*		*	
Database maintenance	11%	*	*	*	*	*	*	*	*	*	
In-house programs	10%	*	*	*		*	*	*		*	*
Standard documentation	9%	*	*	*	*		*		*	*	*
Brochures/advertising material	7%	*	*	*	*	*	*		*	*	
Management system	6%	*	*		*	*	*	*	*		
Hardware	5%				*	*	*	*			
Spreadsheets	5%	*	*		*	*	*	*		*	*
Security/anti-virus systems	4%		*				*		*	*	
Education programs/training	2%						*	*			
Ordering systems	1%	*			*	*					
Other	10%	*			*		*		*		

* indicates a sector nominating that item of ICT production

Table 5 Internal design and development of ICT goods or services used internally by SMEs

Base – those SMEs who internally produced ICT goods or services for internal use in each sector

HOW DID SMEs DESIGN OR DEVELOP ICT GOODS FOR INTERNAL USE	AVERAGE	INDUSTRY SECTOR									
		Manufacturing	Construction	Wholesale trade	Retail trade	Transport/storage	Communications, property and business services	Finance and insurance	Health and community services	Cultural, recreational and personal services	Accommodation, cafes and restaurants
Develop from scratch	71%	53%	21%	93%	80%	38%	74%	85%	81%	79%	30%
Modifying existing ICT products	32%	43%	82%	10%	11%	62%	36%	15%	29%	23%	45%
Modifying licensed intellectual property	16%	14%	3%	15%	16%		23%		9%	35%	36%

PRODUCTION OF EMBEDDED ICT

The May 2006 Sensis® Business Index found that eight per cent of SMEs produced ICT goods or services that were embedded in another non-ICT good or service which they sold, an increase of two percentage points since May 2005. SMEs that were located in the ICT sector were far more likely to have produced embedded ICT than average (26 per cent compared to eight per cent on average). The manufacturing sector recorded the next highest share of their embedded ICT production, at 18 per cent.

ICT produced by SMEs and embedded resulted in a wide array of end products. The past year saw home entertainment systems being a popular end product for embedding custom-designed ICT components, followed by information packages, websites and computer hardware.

The main types of ICT components produced and embedded in these items included software (30 per cent), computers (14 per cent), programmable logic controllers (11 per cent), hardware (nine per cent) and memory chips (nine per cent). Some 42 per cent of SMEs estimated that the value of embedded ICT components ranged from \$10,000 to \$100,000, with a smaller percentage (24 per cent) reporting the value of these components to be over \$100,000, and 18 per cent reporting an estimated value of under \$10,000.

The main method for SMEs to produce embedded ICT components, was the purchase of components off the shelf (84 per cent), however, some 28 per cent of SMEs did do internal production, and 12 per cent did both. Of those SMEs that had developed embedded ICT components internally, over half (52 per cent) had developed the components from scratch, and only three per cent had relied solely on modifying existing components. Some 45 per cent had developed some elements from scratch along with modifying existing components.

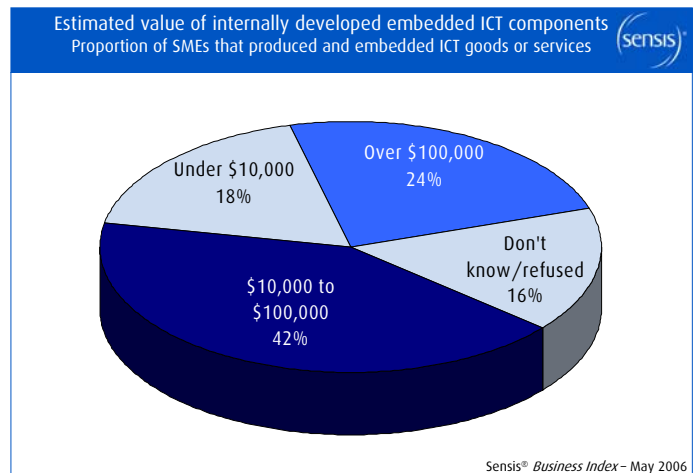
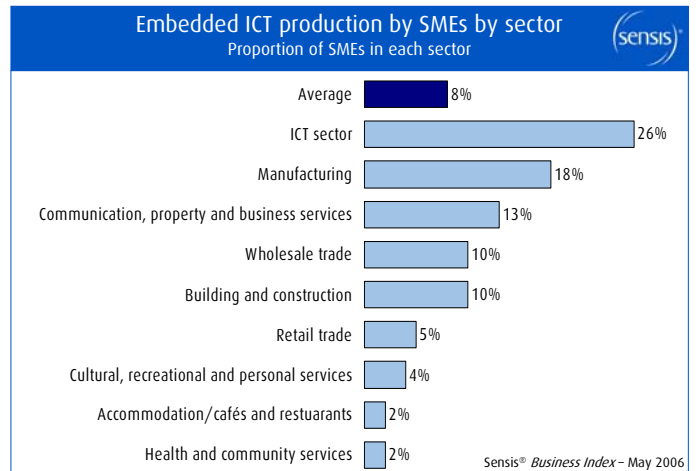


Table 6 End products containing embedded ICT components produced by SMEs

Base – those SMEs who produced ICT goods or services to embed in end-products in each sector (an average of eight per cent of all SMEs)

END PRODUCTS CONTAINING EMBEDDED ICT COMPONENTS	AVERAGE	INDUSTRY SECTOR									
		Manufacturing	Construction	Wholesale trade	Retail trade	Transport/storage	Communications, property and business services	Finance and insurance	Health and community services	Cultural, recreational and personal services	Accommodation, cafes and restaurants
Home entertainment systems – various	11%	*	*		*		*			*	
Information packages	8%	*	*		*		*	*			
Websites	8%						*				
Computers	8%		*	*	*	*	*		*	*	*
Power/water management	8%	*	*	*							
Cable/outlets/data points	7%	*	*	*			*		*		
Equipment related to software	6%	*		*	*		*				
Communications systems	4%	*	*		*		*				
Security products	5%		*		*		*				
Scanners	3%	*			*		*				
Components - various	3%			*			*		*		
Printers/fax machines/copiers	2%			*	*		*				
Controllers	2%	*	*	*							
Vending machines/gaming equipment	1%		*		*						*
CD-ROMs	1%				*				*		
Automotive/transportation technologies	1%				*	*					
Other	38%	*	*	*	*		*			*	

* indicates a sector nominating that item of ICT production

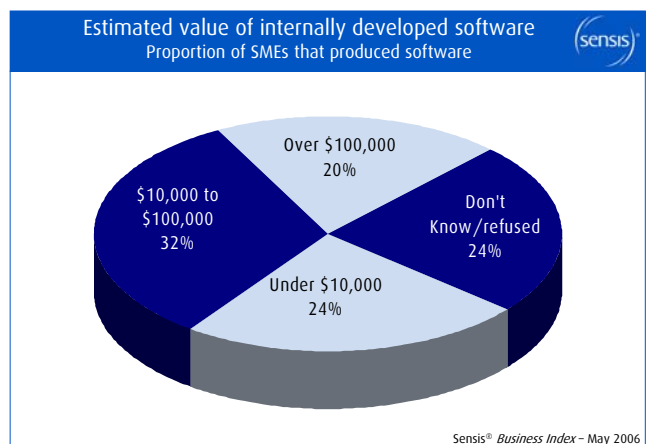
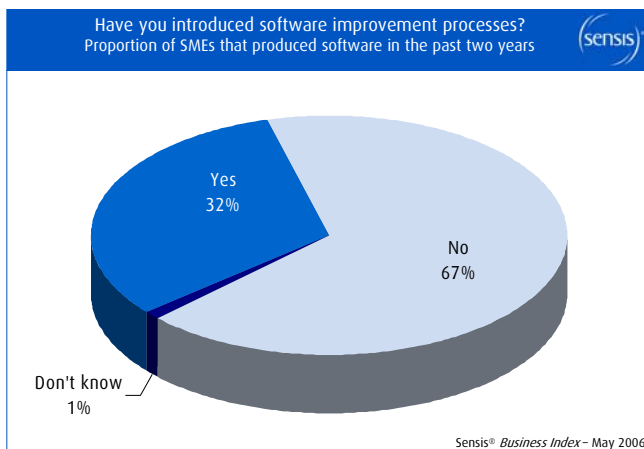
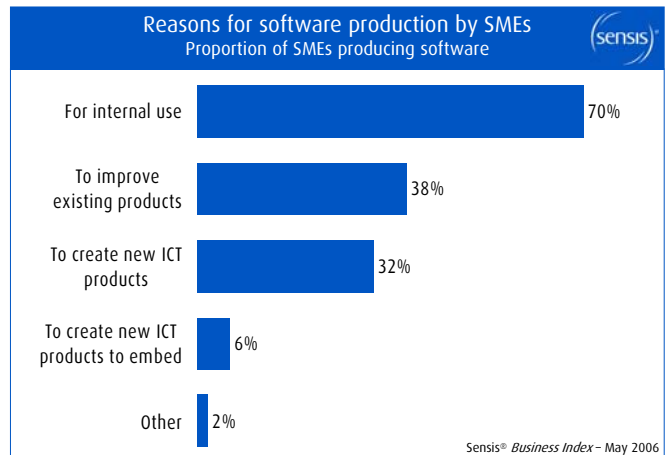
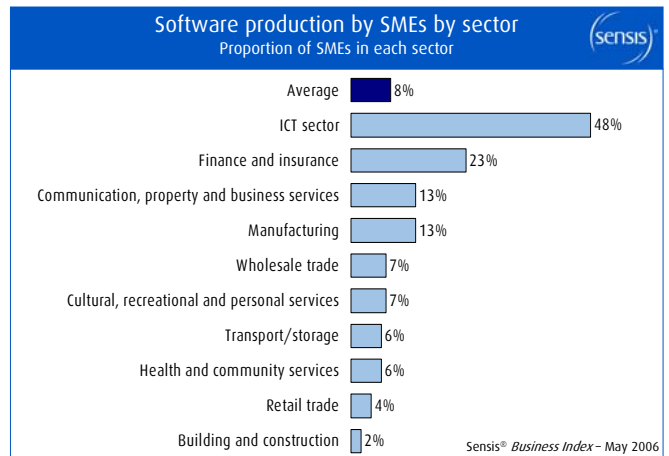
SOFTWARE DEVELOPMENT

The May 2006 Sensis® Business Index found that eight per cent of SMEs engaged in some form of software development in the last two years, an increase from six per cent last year. Overall, the finance and insurance sector (excluding the ICT sector) reported the highest level of involvement (23 per cent).

The main reason that SMEs had developed software in the past two years was for their internal use (70 per cent). Other reasons given by SMEs for software development included improving their existing products or services, and creating new ICT products or services to either sell or embed in other products or services.

With most software being for internal use, it was difficult for SMEs to assign a dollar value to it. However, for those SMEs that did have an idea of how much the software was worth to their business, the most frequent response was between \$10,000 and \$100,000 (32 per cent).

Of those SMEs that had been involved in software development over the past two years, almost a third (32 per cent) had introduced new processes in that time to improve software development.



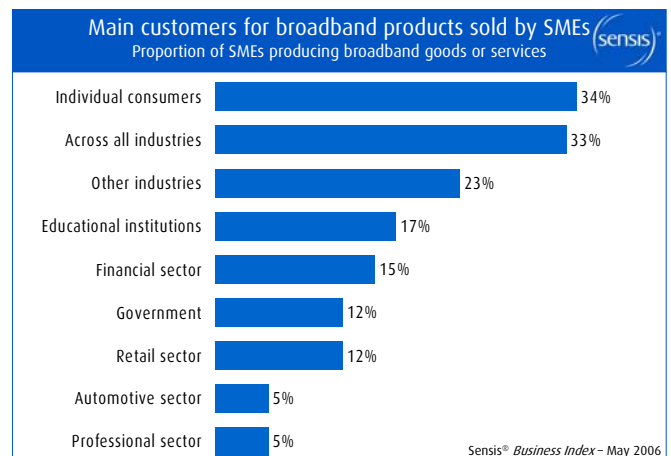
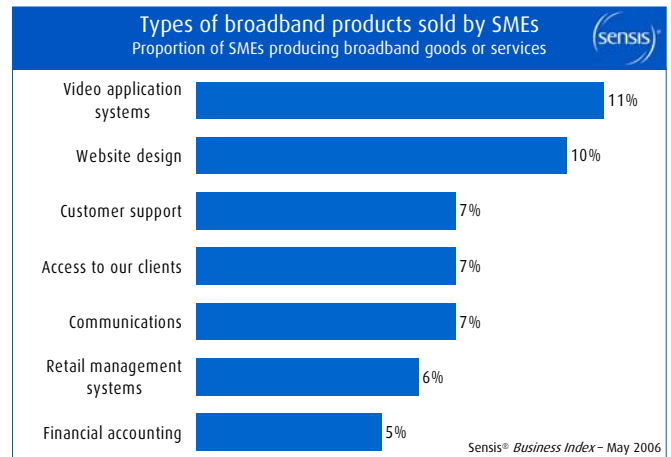
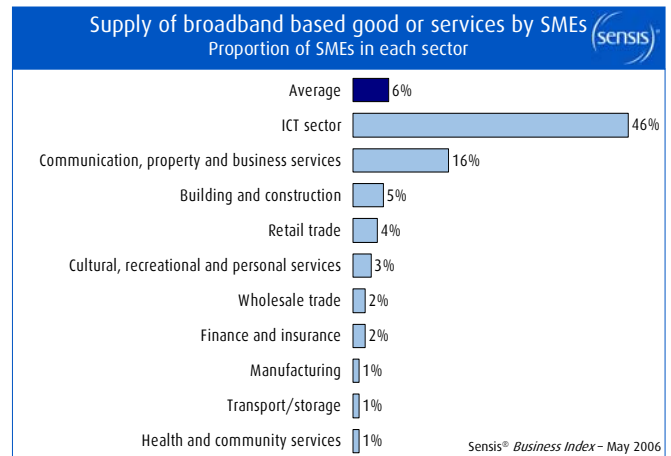
BROADBAND

With the penetration of broadband internet having increased rapidly in recent years, the May 2006 Sensis® Business Index asked SMEs if they were supplying products or services targeting broadband users. Overall, some six per cent of SMEs reported that they did supply such products or services. Overall, the SMEs in the communication, property and business services sector reported the highest level of involvement (16 per cent).

The main types of broadband based products that SMEs sold were video application systems, closely followed by website design, customer support services and access to clients. Although only supplied by three per cent of SMEs that supplied broadband based products, hardware to enable people to work more effectively on broadband was the product supplied by the broadest range of industry sectors. Some 38 per cent of SMEs nominated that they developed the broadband based products and services that they sold.

Most SMEs that were involved in selling broadband based products or services had multiple types of customers. The most common type of customer for these products was individual consumers and households, which provided a customer base for over one third (34 per cent) of SMEs. Almost as large was the proportion of SMEs that nominated that they sold across a broad spectrum of industries, rather than focusing on any one sector. In fact, when looking at all possible customer types, the business to business market was the largest market base. The single most specified industry sector that SMEs targeted their broadband based products at were the financial industries. Educational institutions were also a significant customer base for 17 per cent of SMEs, with government being a customer for 12 per cent of SMEs that sold broadband-based goods and services.

Only a further two per cent of SMEs reported that they were planning to develop broadband based goods and services, with half of those reporting that their plans to do so were at least a year away.



ICT SYSTEMS

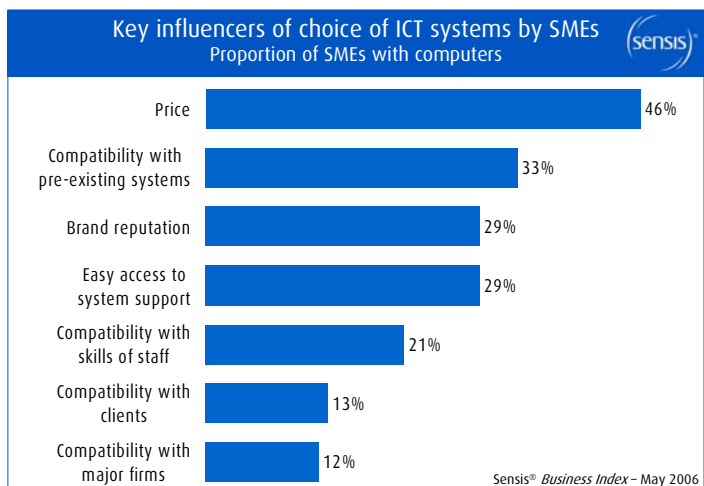
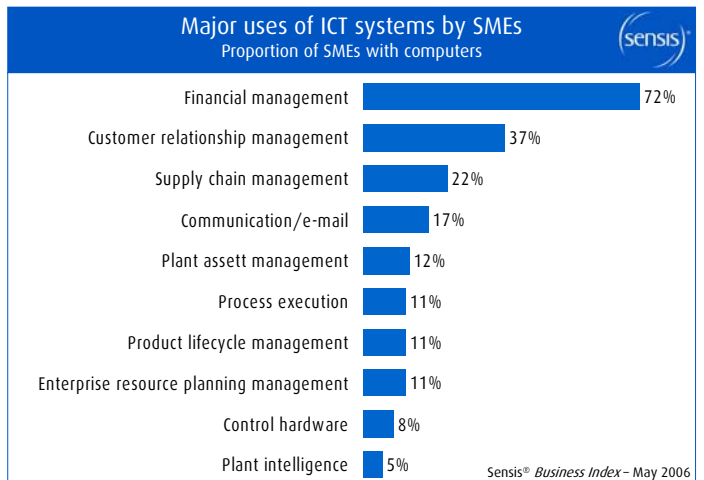
As part of the survey, SMEs were asked to think about their ICT systems in general. What they used them for, and what influenced them to choose the one they had.

Overall, financial management was considered the most important use of ICT systems by SMEs, with some 72 per cent reporting that this was their major use. Apart from financial management, other major uses were customer relationship management (37 per cent) and supply chain management (22 per cent). The retail trade sector was the sector most likely to report supply chain management as their major use (35 per cent).

With customer and supply chain management featuring so highly, it is interesting to note that compatibility with clients and major firms were not considered to be the main influences behind the choice of ICT system by SMEs. SMEs were most likely to look at the price of the systems compared to any other issue (46 per cent).

When looking at compatibility issues, compatibility with systems already in use in the business was the main factor, and the second highest factor overall (33 per cent).

Commercial factors were the next to figure in SMEs estimations, with brand reputation and easy access to system support both being rated by 29 per cent of SMEs as key factors driving their purchasing decisions. The only other factor to be reported as an influence by over 20 per cent of SMEs was the compatibility with the skills of their staff, a factor mentioned by 21 per cent of SMEs.

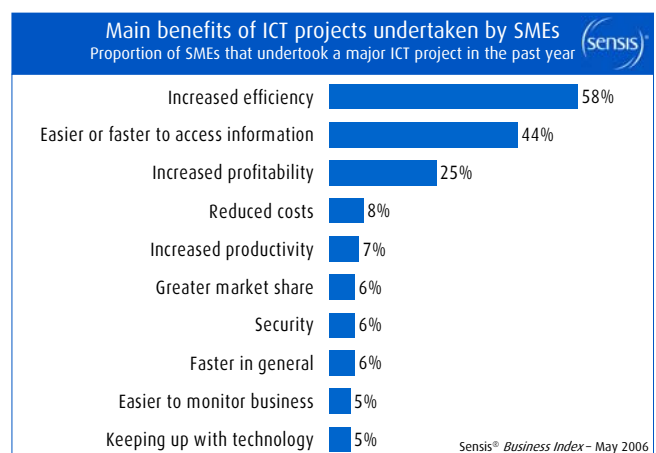
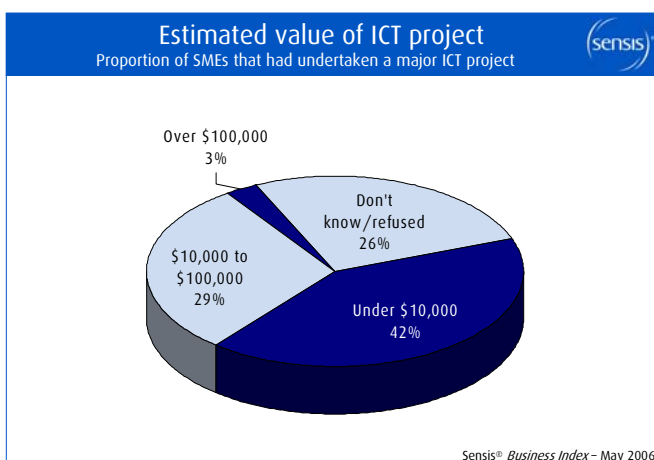
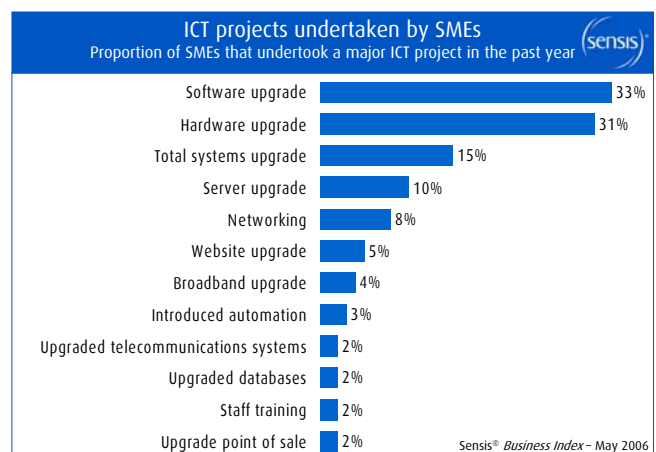
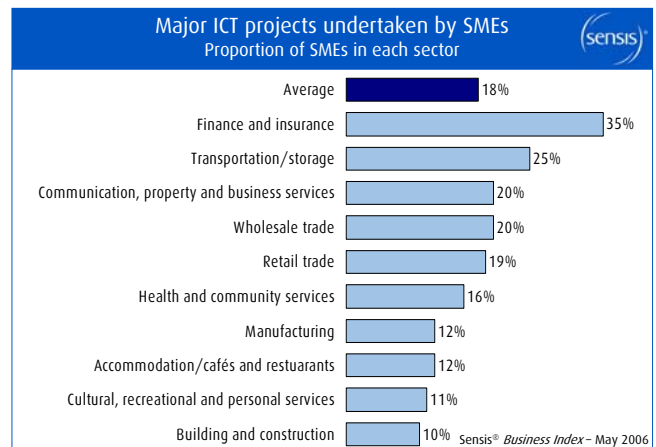


ICT PROJECTS

When asked if their business had undertaken a major ICT project to improve internal operation in the last year, 18 per cent of SMEs responded that they had, an increase from 14 per cent in May 2005. SMEs in the finance and insurance sector were again the most likely to have undertaken a major ICT project in the past year (35 per cent).

The most popular ICT projects undertaken by SMEs in the past year were software upgrades (33 per cent), hardware upgrades (31 per cent), and total systems upgrades (15 per cent). Some 43 per cent of these projects were fully outsourced (a reduction from 48 per cent last year), 27 per cent were partly outsourced, and 30 per cent undertaken in house. SMEs in the accommodation, cafes and restaurant sector were the most likely to fully outsource their major ICT projects.

Increased efficiency was the main benefit of ICT projects undertaken by SMEs (58 per cent). Overall, the amount that SMEs spent on ICT projects dropped in the past year. In May 2005, some ten per cent of the SMEs indicated that their major ICT project was estimated to be worth more than \$100,000, while in May 2006 only three per cent of SMEs reported spending this amount. The vast majority of ICT projects were estimated to be worth less than \$100,000 (70 per cent). Some 29 per cent of SMEs reported that all their expectations had been met by the project.



ICT IDEAS AND LINKAGES

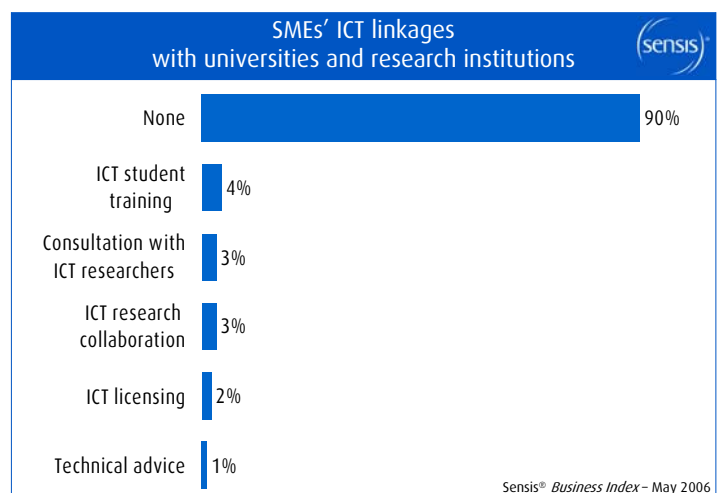
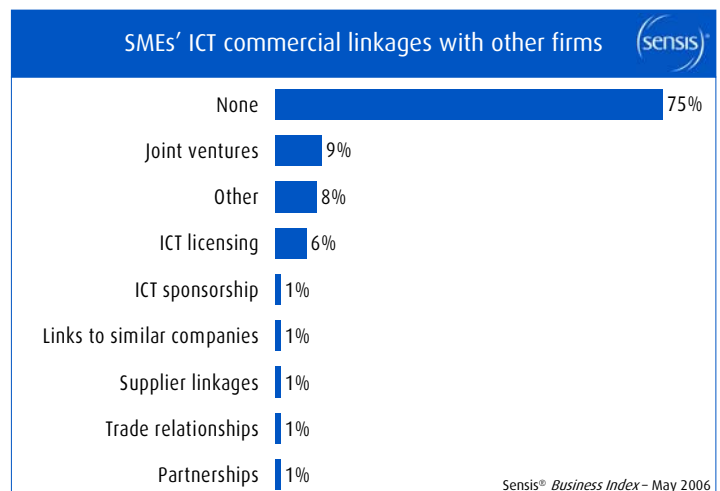
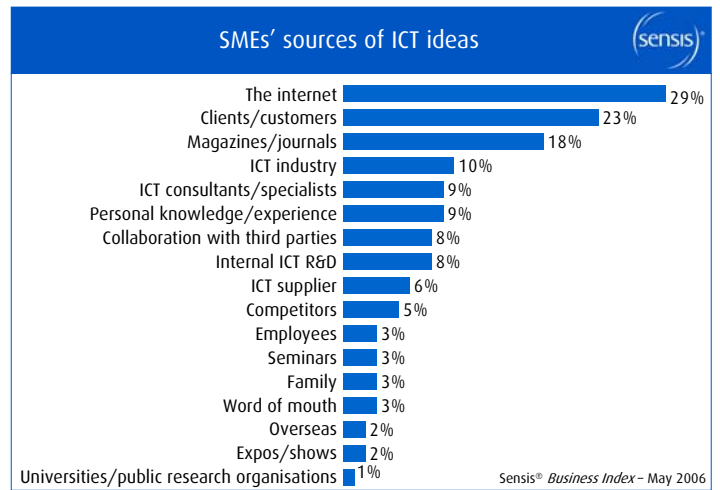
The May 2006 Sensis® Business Index found that SMEs have a diverse range of sources when they are looking for new ideas on ICT.

Almost three in ten SMEs (29 per cent) reported that the internet was their main source of ICT ideas. This was followed by clients and customers, which was reported by almost one quarter (23 per cent) of SMEs. The third top source of ideas, at 18 per cent, was magazines and journals. No other source of ideas was mentioned by more than 10 per cent of SMEs.

SMEs were not very likely to have formal mechanisms or linkages in place with other firms. Overall, three quarters of SMEs reported that they had no such mechanisms in place at all, with the most popular mechanism being joint ventures which were used by nine per cent of SMEs.

SMEs were even less likely to have linkages with universities and research organisations, with some nine in ten reporting that they had no such linkages. For those reporting some linkage, ICT training was the main form of interaction, which four per cent of SMEs reported.

Apart from ICT, SMEs were also unlikely to have interaction with universities or research institutions. Some 90 per cent of SMEs reported having no linkages at all. The most popular form of linkage with universities and research institutions was again student training, which was reported by four per cent of SMEs.



ICT RESEARCH AND DEVELOPMENT

The May 2006 Sensis® Business Index found that some 15 per cent of SMEs reported undertaking R & D of some kind. For this survey, research and development was defined as:

“A. systematic, investigative and experimental activities that involve innovation or high levels of technical risk and are carried on for the purpose of:

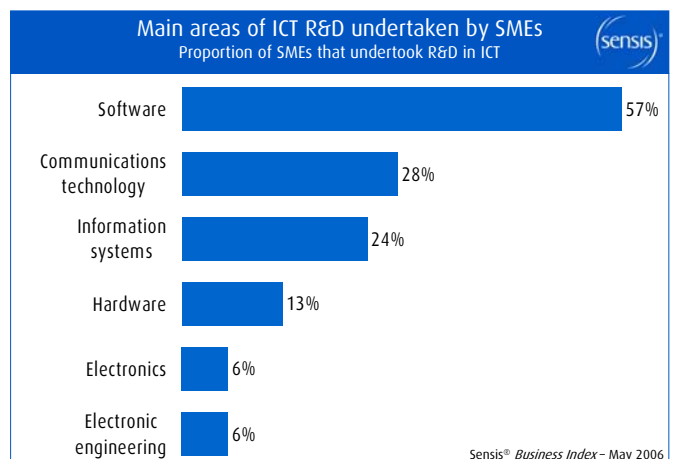
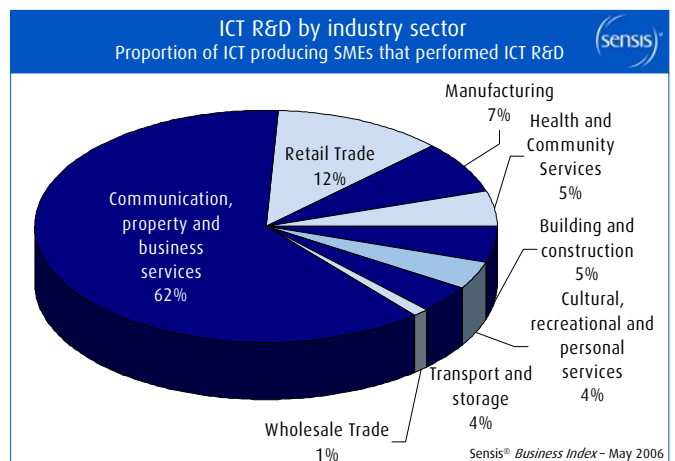
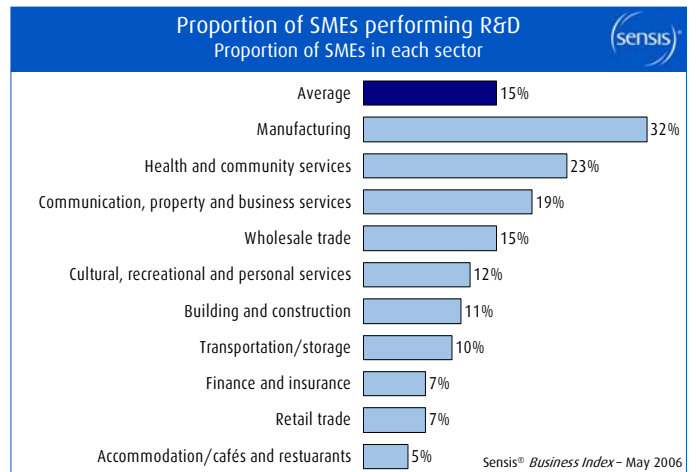
- *acquiring new knowledge (whether or not that knowledge will have a specific practical application); or*
- *creating new or improved materials, products, devices, processes or services; or*

B. other activities that are carried on for a purpose directly related to the carrying on of activities of the kind referred to in paragraph A.”

The proportion of SMEs that performed R&D varied considerably, with 32 per cent of SMEs in the manufacturing sector reporting R&D, compared to five per cent of SMEs in the accommodation, cafes and restaurant sector.

Of the SMEs that performed R&D, some 39 per cent specifically undertook R&D in ICT. When looking at the SMEs that undertook R&D specifically into ICT, it can be seen that the majority (62 per cent) of such R&D is performed by SMEs in the communications, property and business services sector.

The main type of ICT R&D performed by SMEs was into software (57 per cent), followed by communications technology (28 per cent) and information systems (24 per cent).



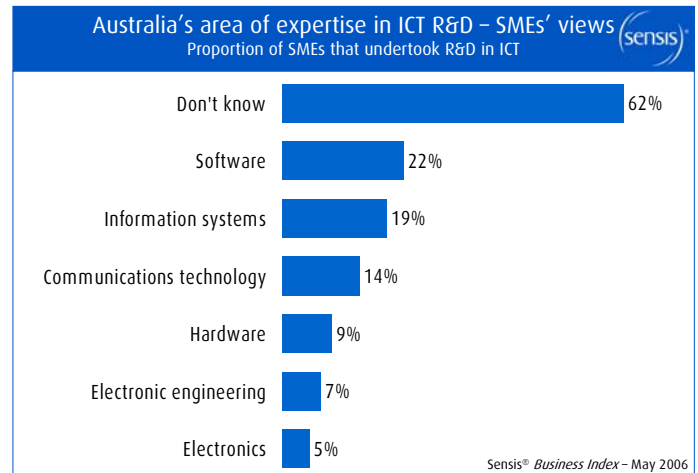
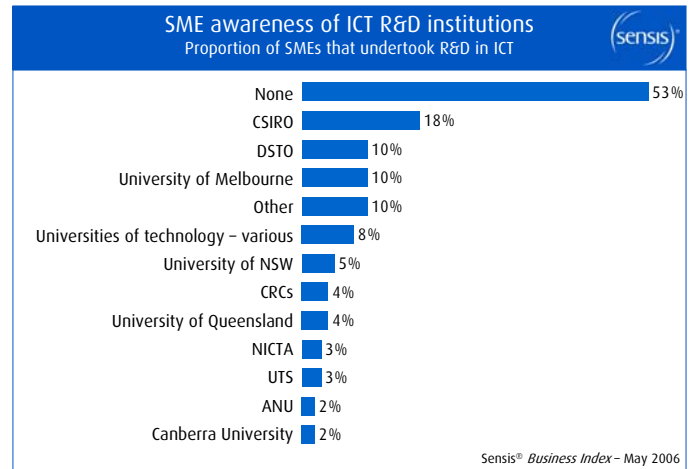
ICT RESEARCH AND DEVELOPMENT (CONTINUED)

The May 2006 Sensis® Business Index asked SMEs which Australian universities or research institutions focusing on research and development in ICT that they were aware of. Overall, of those SMEs that performed R&D in ICT, some 53 per cent said that they were not aware of any such institutions.

The institution that SMEs were most likely to mention in the field of ICT R&D was the Commonwealth Scientific and Industrial Research Organisation (CSIRO). The CSIRO was mentioned by 18 per cent of SMEs that were performing R&D into ICT.

The institutions that were next most likely to be mentioned by SMEs were the Defence Science and Technology Organisation (DSTO) and the University of Melbourne, which were each mentioned by ten per cent of SMEs. In general, SMEs were not able to name specific areas of research that any universities or institutions were involved in, with the awareness and recognition being general in nature.

SMEs were also asked what they felt to be Australia's area of expertise in ICT R&D. The main response to this question was don't know (62 per cent). The next most likely response (mirroring SME's participation) was software, which was nominated by 22 per cent of those involved in ICT R&D, followed by information systems at 19 per cent.



Appendix 1 - Questions

ICT PRODUCTION AND SALE

WE ARE INTERESTED IN WHETHER YOUR COMPANY ITSELF IS A PRODUCER OF INFORMATION OR COMMUNICATIONS TECHNOLOGY, COMMONLY REFERRED TO AS ICT. THIS CAN INCLUDE HARDWARE, COMPONENTS, SOFTWARE, ADVICE OR CONSULTANCY ON COMPUTERS OR SOFTWARE, DATABASE DEVELOPMENT, REPAIR OF HIGH TECH EQUIPMENT, WEB DESIGN AND SO ON. ICT PRODUCTION CAN INCLUDE GOODS OR SERVICES PRODUCED FOR SALE AS WELL AS TECHNOLOGY YOU PRODUCE FOR YOUR OWN INTERNAL USE		
QA1 a.	Does your business produce any of these types of information and communications technology goods or services for sale ?	(CONTINUE) YES.....1 (GO TO Q2a) NO.....2
b.	What ICT goods or services do you sell?	COMPUTER HARDWARE 1 COMMUNICATIONS HARDWARE 2 ELECTRONIC EQUIPMENT 3 COMPUTER AND COMMUNICATIONS PARTS AND COMPONENTS (e.g. circuit boards, chips etc) 4 COMPUTER AND COMMUNICATIONS CONSUMABLES (e.g. floppy disks, CDs, toner cartridges etc) 5 PACKAGED AND CUSTOMISED SOFTWARE..... 6 COMPUTER AND DATA PROCESSING SERVICES (e.g. website design, software services etc) 7 INFORMATION STORAGE AND RETRIEVAL SERVICES 8 INSTALLATION AND CABLING SERVICES 9 HARDWARE AND SOFTWARE MAINTENANCE..... 10 COMPUTER CONSULTANCY SERVICES 11 TELECOMMUNICATIONS SERVICES.....12 OTHER (specify).....13
c.	And what was your approximate revenue from the sale of these goods and services in the past year?	Under \$10,000 1 \$10,000 to \$50,000 2 \$51,000 to \$100,00 3 \$101,000 to \$500,000 4 \$501,000 to \$1 million 5 Over \$1 million 6 (Refused/Don't know) 7

<p>d. IF COMPANY EXPORTS ASK D, E AND F OTHERWISE GO TO Q2a:</p> <p>Were any of these ICT goods or services exported?</p>	<p>(continue) YES 1</p> <p>(GO TO Q2a) NO 2</p>
<p>e. What was the approximate revenue from these exports?</p>	<p>Under \$10,000 1</p> <p>\$10,000 to \$50,000 2</p> <p>\$51,000 to \$100,000 3</p> <p>\$101,000 to \$500,000 4</p> <p>\$501,000 to \$1 million 5</p> <p>Over \$1 million 6</p> <p>(Refused/Don't know) 7</p>
<p>f. What were the key destinations of these exports?</p>	<p>Europe 1</p> <p>Asia 2</p> <p>Africa 3</p> <p>Middle East 4</p> <p>North America..... 5</p> <p>South America 6</p> <p>New Zealand and the Pacific.....7</p>

<p>Q2 a. Does your business produce any information and communications technology goods or services specifically for use within your business?</p>	<p>(continue) YES..... 1</p> <p>(GO TO Q3a) NO2</p> <p>(GO TO Q3a) DON'T KNOW3</p>
<p>b. What ICT goods or services do you produce for internal use?</p> <p>.....</p> <p>.....</p>	
<p>c. Did you design or develop these yourselves or did you use external designers or developers?</p>	<p>(continue) SELF..... 1</p> <p>(GO TO Q36a) EXTERNAL 2</p>
<p>d. How did you design or develop these ICT goods and services? Did you..</p>	<p>DEVELOP FROM SCRATCH 1</p> <p>MODIFY YOUR EXISTING ICT PRODUCTS 2</p> <p>MODIFY LICENSED INTELLECTUAL PROPERTY.....3</p>

e. Can you estimate a dollar value to the business for these innovation(s)?	Under \$10,000 1 \$10,000 to \$100,000 2 Over \$100,000 3 Don't know/refused..... 4
f. Does your business intend to sell the ICT goods or services originally produced for internal use?	(continue) YES 1 (GO TO Q36a) NO 2 (GO TO Q36a) DON'T KNOW 3
g. When does your business intend to sell the ICT goods or services originally produced for internal use?	Within three months.....1 3 to 6 months.....2 6 to 12 months3 12 months to 2 years4 over 2 years.....5 Don't know.....6

Q3 a. Does your business sell any end products or services which are not ICT products or services in their own right – but which contain ICT components (either hardware or software)	(continue) YES 1 (GO TO Q4a) NO..... 2 (GO TO Q4a) DON'T KNOW 3
b. What end products are these? (IDENTIFY UP TO 5)	
c. What ICT components do they include?	
d. Did you buy the ICT components off the shelf or design or develop them yourselves?	(GO TO Q4a) OFF THE SHELF1 (continue) DEVELOP INTERNALLY2
e. How did you design or develop these components? Did you..	DEVELOP FROM SCRATCH1 MODIFY EXISTING COMPONENTS2 SOMETIMES BOTH.....3
f. Can you estimate a dollar value to the business for the components you developed yourselves?	Under \$10,0001 \$10,000 to \$100,0002 Over \$100,0003 Don't know/refused4

SOFTWARE

<p>Q4 a. In the last two years have you developed any software?</p>	<p>(continue) YES1 (GO TO Q5a) NO.....2</p>
<p>b. Did you develop the software...?</p>	<p>For internal use1 To improve existing products or services currently sold.....2 To create a new ICT product or service.....3 To create a new ICT to embed in non-ICT products and services.....4 Other (specify).....5</p>
<p>c. Can you estimate a dollar value to the business for the software?</p>	<p>Under \$10,000.....1 \$10,000 to \$100,0002 Over \$100,000.....3 Don't know/refused.....4</p>
<p>d. Has your business introduced any new process over the past two years to improve software development?</p>	<p>YES.....1 NO.....2 DON'T KNOW.....3</p>

BROADBAND

<p>Q5 a. Do you supply products or services which are targeting users with broadband, that is they would not perform adequately for users with a dial-up internet connection?</p>	<p>YES1 (Go to Q6) NO2</p>
<p>b. What type of broadband-based products or services do you sell? (IDENTIFY UP TO 5)</p> <p>.</p>	
<p>c. To whom does your business provide broadband based goods or services to?</p>	<p>Government.....1 Educational institutions.....2 Individual consumers/households.....3 Large businesses.....4 Other small or medium businesses5 Other (specify).....6 IF LARGE OR SMALL/MEDIUM BUSINESS – RECORD MAIN INDUSTRY</p>
<p>d. Did you develop the products or services based on broadband that you sell?</p>	<p>YES1 NO2</p>

NOW GO TO Q7

<p>Q6 a. If you don't already develop products or services based on broadband, do you plan to?</p>	<p>(continue) YES1 (GO TO Q6a) NO.....2</p>
<p>b. When do you plan to develop products which are based on broadband?</p>	<p>Within three months.....1 3 to 6 months.....2 6 to 12 months3 12 months to 2 years4 over 2 years.....5 Don't know.....6</p>

ICT/COMPUTER SYSTEMS	
Q7 a. What does your business use your information and communications (ICT) systems for?	Financial management.....1 Enterprise resource planning management.....2 Customer relationship management3 Supply chain management4 Product lifecycle management5 Plant asset management6 Plant intelligence7 Process execution8 Control hardware (personal computers, computer numerical control systems, robotics, etc)9 Other (specify).....10
b. What drives your choice of ICT systems?	Price1 Compatibility with clients2 Compatibility with major firms3 Compatibility with pre-existing systems4 Compatibility with skills of staff5 Brand reputation6 Easy access to system support, if required7 Other (specify)8
c. Did your firm undertake a major ICT project to improve internal operations in the last year?	(continue) YES1 (GO TO Q8a) NO2
d. What was the nature of the project?	
e. Was this ICT project outsourced?	YES - FULLY.....1 YES - PARTLY2 NO.....3
f. What were the main benefits of the project to your business?	Increased profitability.....1 Greater market share2 Easier or faster access to information.....3 Increased efficiency.....4 Other (SPECIFY)5

<p>g. Can you estimate a dollar value to the business of this ICT project?</p>	<p>Under \$10,000.....1 \$10,000 to \$100,0002 Over \$100,0003 Don't know/refused4</p>
<p>h. On a scale of 0 to 5, where 5 means all expectations were met or exceeded and 0 means none of your expectations were met, did the benefits from the project meet your expectations?</p>	<p>Record number: <input data-bbox="959 349 1058 423" type="text"/></p>

ICT IDEAS AND LINKAGES

ASK IF INVOLVED IN ICT PRODUCTION – OTHERWISE GO TO RESEARCH AND DEVELOPMENT

<p>Q7 a. From where does your business identify information and communications technology (ICT) ideas? (DO NOT AID)</p>	<p>Clients/customers.....1 Competitors.....2 Collaboration with third parties3 Internal ICT R&D4 ICT industry5 The internet6 Magazines or journals.....7 Overseas.....8 Universities and public research organisations.....9 Don't know..... 10 Not relevant 11 Other (specify)12</p>
<p>b. What ICT commercial linkages does your business have with other firms?</p>	<p>ICT licensing or intellectual property.....1 Joint venture2 ICT sponsorship.....3 Other (specify)4 No ICT commercial linkages5</p>
<p>c. What ICT linkages do you have with any universities and research institutions?</p>	<p>ICT student training.....1 Consultation with ICT researchers.....2 ICT research collaboration3 Technical advice4 ICT licensing or intellectual property5 Other (specify)6 No ICT linkages7</p>
<p>d. Apart from ICT, does your business have linkages with any other universities and research institutions?</p>	<p>Student training1 Consultation with researchers.....2 Research collaboration3 Technical advice4 Licensing or intellectual property5 Other (specify)6 No linkages7</p>

RESEARCH AND DEVELOPMENT

ASK EVERYONE

Q8	<p>Does your business perform research and development activities of any type?</p> <p>“Research and development activities” means:</p> <p>A) systematic, investigative and experimental activities that involve innovation or high levels of technical risk and are carried on for the purpose of:</p> <p>(i) acquiring new knowledge (whether or not that knowledge will have a specific practical application); or</p> <p>(ii) creating new or improved materials, products, devices, processes or services; or</p> <p>B) other activities that are carried on for a purpose directly related to the carrying on of activities of the kind referred to in paragraph A.”</p>	<p>(CONTINUE YES1</p> <p>(GO TO END) NO2</p>
----	---	--

ASK IF INVOLVED IN ICT PRODUCTION – OTHERS GO TO SECTION X

Q9	<p>a. Does your business perform R&D in information and communications technology (ICT)?</p>	<p>(continue) YES1</p> <p>(GO TO d) NO2</p>
	<p>b. What type of ICT R&D does your business do?</p>	<p>Information systems1</p> <p>Electronics2</p> <p>Hardware3</p> <p>Software4</p> <p>Electronic engineering5</p> <p>Communications technology6</p>
	<p>c. Which Australian universities or research institutions which are focusing on R&D in ICT are you aware of?</p>	<p>CSIRO1 (Commonwealth Scientific and Industrial Research Organisation)</p> <p>DSTO2 (Defence, Science and Technology Organisation)</p> <p>NICTA3 (National ICT Australia)</p> <p>CRCs4 (Cooperative Research Centres)</p> <p>Other (specify)5</p> <p>None.....6</p>

d.	What ICT research are you aware of?		
e.	<table> <tr> <td data-bbox="261 271 724 568">In your opinion, in which areas does Australian ICT R&D expertise mainly lie?</td> <td data-bbox="724 271 1471 568"> Information systems1 Electronics2 Hardware3 Software4 Electronic engineering5 Communications technology6 </td> </tr> </table>	In your opinion, in which areas does Australian ICT R&D expertise mainly lie?	Information systems1 Electronics2 Hardware3 Software4 Electronic engineering5 Communications technology6
In your opinion, in which areas does Australian ICT R&D expertise mainly lie?	Information systems1 Electronics2 Hardware3 Software4 Electronic engineering5 Communications technology6		

Appendix 2 – Relevant ANZSIC codes

This report refers to codes from the Australian and New Zealand Standard Industrial Classification (ANZSIC) 1993, as published by the Australian Bureau of Statistics. The codes listed below are provided to assist with the interpretation of the data in this report, but the inclusion of a code in this appendix is not an indication that ICT production occurred within SMEs listed in these codes.

Division C Manufacturing

- 21 Food, beverage and tobacco manufacturing
 - 211 Meat and meat product manufacturing
 - 212 Dairy product manufacturing
 - 213 Fruit and vegetable processing
 - 214 Oil and fat manufacturing
 - 215 Flour mill and cereal food manufacturing
 - 216 Bakery product manufacturing
 - 217 Other food manufacturing
 - 218 Beverage and malt manufacturing
 - 219 Tobacco product manufacturing
- 22 Textile, clothing, footwear and leather manufacturing
 - 221 Textile fibre, yarn and woven fabric manufacturing
 - 222 Textile product manufacturing
 - 223 Knitting mills
 - 224 Clothing manufacturing
 - 225 Footwear manufacturing
 - 226 Leather and leather product manufacturing
- 24 Printing, publishing and recorded media
 - 241 Printing and services to printing
 - 242 Publishing
 - 243 Recorded media manufacturing and publishing
- 25 Petroleum, coal, chemical and associated product manufacturing
 - 251 Petroleum refining
 - 252 Petroleum and coal product manufacturing n.e.c.
 - 253 Basic chemical manufacturing
 - 254 Other chemical product manufacturing
 - 255 Rubber product manufacturing
 - 256 Plastic product manufacturing
- 26 Non-metallic mineral product manufacturing
 - 261 Glass and glass product manufacturing
 - 262 Ceramic product manufacturing
 - 263 Cement, lime, plaster and concrete product manufacturing
 - 264 Non-metallic mineral product manufacturing n.e.c.
- 27 Metal product manufacturing
 - 271 Iron and steel manufacturing
 - 272 Basic non-ferrous metal manufacturing
 - 273 Non-ferrous basic metal product manufacturing
 - 274 Structural metal product manufacturing
 - 275 Sheet metal product manufacturing
 - 276 Fabricated metal product manufacturing
- 28 Machinery and equipment manufacturing
 - 281 Motor vehicle and part manufacturing
 - 282 Other transport equipment manufacturing
 - 283 Photographic and scientific equipment manufacturing
 - 284 Electronic equipment manufacturing
 - 2841 Computer and business machine manufacturing
 - 2842 Telecommunication, broadcasting and transceiving equipment manufacturing
 - 2849 Electronic equipment manufacturing n.e.c.
 - 285 Electrical equipment and appliance manufacturing
 - 2852 Electric cable and wire manufacturing
 - 286 Industrial machinery and equipment manufacturing
- 29 Other manufacturing
 - 291 Prefabricated building manufacturing
 - 292 Furniture manufacturing
 - 294 Other manufacturing

Division E Construction

- 41 General construction
 - 411 Building construction
 - 412 Non-building construction
- 42 Construction trade services
 - 421 Site preparation services
 - 422 Building structure services
 - 423 Installation trade services

424 Building completion services

425 Other construction services

Division F Wholesale trade

- 45 Basic material wholesaling
 - 451 Farm produce wholesaling
 - 452 Mineral, metal and chemical wholesaling
 - 453 Builders supplies wholesaling
- 46 Machinery and motor vehicle wholesaling
 - 461 Machinery and equipment wholesaling
 - 4613 Computer wholesaling
 - 4614 Business machine wholesaling n.e.c.
 - 4615 Electrical and electronic equipment wholesaling n.e.c.
 - 462 Motor vehicle wholesaling
- 47 Personal and household good wholesaling
 - 471 Food, drink and tobacco wholesaling
 - 472 Textile, clothing and footwear wholesaling
 - 473 Household good retailing
 - 479 Other wholesaling

Division G Retail trade

- 51 Food retailing
 - 511 Supermarket and grocery stores
 - 512 Specialised food retailing
- 52 Personal and household good retailing
 - 521 Department stores
 - 522 Clothing and soft good retailing
 - 523 Furniture, houseware and appliance retailing
 - 524 Recreational good retailing
 - 525 Other personal and household good retailing
 - 526 Household equipment repair service
- 53 Motor vehicle retailing and services
 - 531 Motor vehicle retailing
 - 532 Motor vehicle services
- 57 Accommodation, cafes and restaurants
 - 571 Accommodation
 - 572 Pubs, taverns and bars
 - 573 Cafes and restaurant
 - 574 Clubs (hospitality)

Division I Transport and storage

- 61 Road transport
 - 611 Road freight transport
 - 612 Road passenger transport
- 65 Other transport
 - 650 Other transport
- 66 Services to transport
 - 661 Services to road transport
 - 662 Services to water transport
 - 663 Services to air transport
 - 664 Other services to transport
- 67 Storage
 - 670 Storage

Division J Communication Services

- 71 Communication services
 - 711 Postal and courier services
 - 712 Telecommunication services
 - 7120 Telecommunication services

Division K Finance and Insurance

- 73 Finance
 - 731 Central bank
 - 732 Deposit taking financiers
 - 733 Other financiers

- 734 Financial asset investors
- 75 Services to finance and insurance
 - 751 Services to insurance

Division I. Property and Business Services

- 77 Property services
 - 771 Property operators and developers
 - 772 Real estate agents
 - 773 Non-financial asset investors
 - 774 Machinery and equipment hiring and leasing
- 78 Business services
 - 781 Scientific research
 - 782 Technical services
 - 783 Computer services
 - 7831 Data processing services
 - 7832 Information storage and retrieval services
 - 7833 Computer maintenance services
 - 7834 Computer consultancy services
 - 784 Legal and accounting services
 - 785 Marketing and business management services
 - 786 Other business services
 - 7861 Employment placement services
 - 7862 Contract Staff services
 - 7863 Secretarial services
 - 7864 Security and investigative services (except police)
 - 7865 Pest control services
 - 7866 Cleaning services
 - 7867 Contract packing services n.e.c.
 - 7869 Business Services n.e.c.
- 86 Health services
 - 861 Hospitals and nursing homes
 - 862 Medical and dental services
 - 863 Other health services
 - 864 Veterinary services
- 87 Community services
 - 871 Child care services
 - 872 Community care services
- 91 Motion picture, radio and television services
 - 911 Film and video services
 - 912 Radio and television services
- 92 Libraries, museums and the arts
 - 921 Libraries
 - 922 Museums
 - 923 Parks and gardens
 - 924 Arts
 - 925 Services to the arts
- 93 Sport and recreation
 - 931 Sport
 - 932 Gambling services
 - 933 Other recreational services
- 95 Personal services
 - 951 Personal and household goods hiring
 - 952 Other personal services
- 96 Other services
 - 961 Religious organisations
 - 962 Interest groups
 - 963 Public order and safety services

About Sensis:

Sensis is Australia's leading information resource. We make complex lives simpler by helping Australians find, buy and sell. Sensis delivers innovative and integrated search solutions via print, online, voice and wireless channels to connect Australians 24 hours a day, seven days a week. Our powerful, multi-channel portfolio provides an unparalleled local information source incorporating: the White Pages® and Yellow Pages® directories; the CitySearch® lifestyle site; the Whereis® location and navigation database; the search engine for Australians - sensis.com.au; and Sensis 1234, the operator-assisted, premium voice information service; and The Trading Post Group's stable of weekly and monthly publications and Universal Publisher's mapping publications. Sensis also owns Invizage Technology, one of Australia's market leaders in IT services to small and medium sized enterprises and most recently launched LinkMe.com.au, an innovative online career networking site, in partnership with MBI Investments.

® and ™ Registered trademark and trademark of Telstra Corporation Ltd. UBD®, the UBD logo and Gregory's logo are registered trade marks of Universal Publishers Pty Ltd. Trading Post™ is a trade mark of Research Resources Pty Ltd. Invizage Technology is a registered trade mark of Invizage Pty Ltd. CitySearch® is a registered trade mark of CitySearch Australia Pty Ltd. Sensis Pty Ltd is responsible for Yellow Pages®, White Pages® and Whereis® and related products and services on behalf of Telstra Corporation Ltd and is responsible for similar activities in relation to CitySearch® on behalf of CitySearch Australia Pty Ltd and CitySearch Canberra Pty Ltd.

© Telstra Corporation Limited 2006

The material contained in this publication is general only and is not intended as advice on any particular matter. No reader should act or fail to act on the basis of this report. Sensis Pty Ltd disclaims to the maximum extent permitted by law all liability, costs and expenses incurred by any person in connection with the content of this report.

