

SMEs thrive where the grass is literally greener

By Behnace Beh

Picture this. Untouched eucalyptus rainforests, sandy beaches, the Victorian alps and desert plateaus. In contrast, there is the dazzling and cosmopolitan city of Melbourne, some of the best wine makers in the world, and towns which offer an insight into Australia's wild past.

Victoria, the second most populous state in Australia, with 3.5 million people, is aptly called the "Garden State", due to its lush rolling green hills and valleys.

Victoria is the most densely populated state, and has a highly centralised population, with over 70% of Victorians living in Melbourne, the capital and largest city.

The state of Victoria has the largest economy in Australia after New South Wales, accounting for a quarter of the nation's gross domestic product (GDP). The total gross state product (GSP) at current prices for Victoria was just over A\$222 billion (RM641 billion).

"The Victorian government recognises that at the heart of greater economic growth are the state's 500,000 vibrant and growing small businesses, said Australian small business minister Joe Helpier.

Buoyed by the management training workshops and business mentoring programmes, small businesses have indicated that they are making better strategic decisions, improving their management skills and employing more staff.

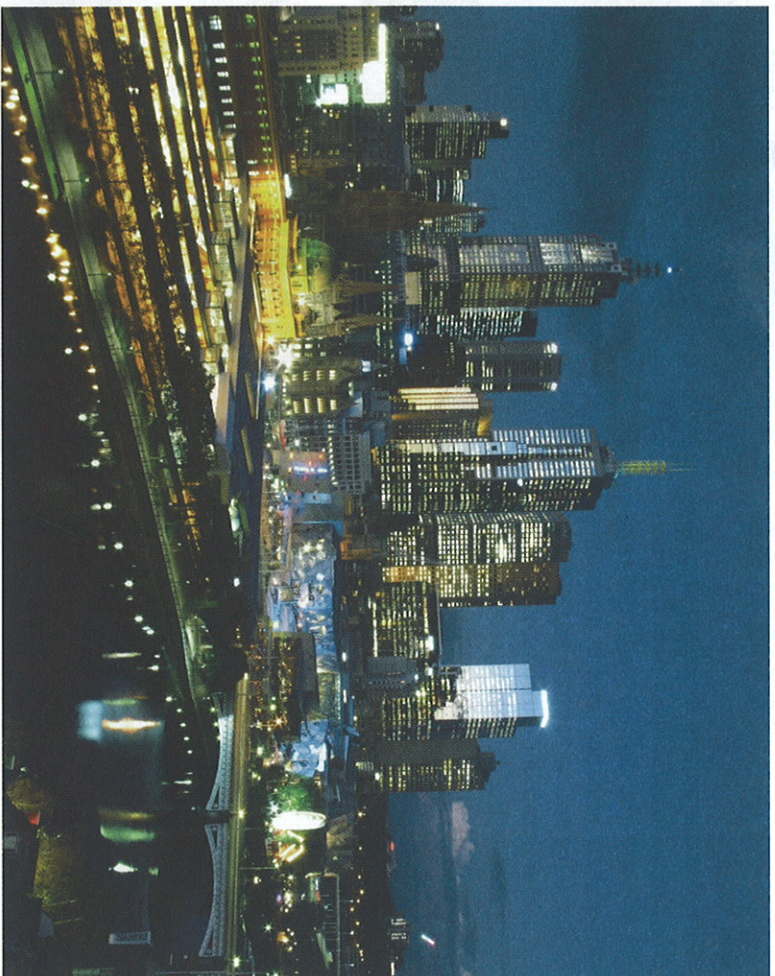
"With high demand, the Victorian government will deliver an additional 250 workshops and seminars to 2,500 more businesses and individuals over the course of 2010," he said.

SMEs represent 25% of the national total or 96% of all businesses in Victoria.

"More than 28% of small businesses in Victoria are regionally-based. Rural and regional small businesses comprise by far the largest proportion of business in regional Victoria, contributing to social cohesion and export growth," said Victorian commissioner for South East Asia, Tim Dillon.

The property and business services sectors contain the bulk of the SMEs in Victoria, amounting to 25.8% of the SME population. This is followed closely by construction (15.9%), retail (10.8%), agriculture, forestry and fishing (10.1%) and finance and insurance (7.3%).

Dillon added that there are many



For Victoria, the garden state of Australia, grass is clearly not the only thing that's flourishing

factors influencing Victoria's business conditions which include a recovering labour market, an improving global economic outlook, strong population growth and local consumer as well as business confidence.

"The industry is making a significant contribution to employment growth and economic recovery as there are an estimated 240 new businesses starting up in Victoria each week," he added.

According to the Australian Bureau of Statistics (ABS) 2005 Innovation Survey, 29% of the 25,550 Victorian SMEs surveyed are regarded as "innovating businesses". This was higher than the national average (28%) and the third highest among all states and territories, after South Australia (36%) and Western Australia (30%).

Dillon added that the Victorian Government is aware of the difficulties that SMEs have in choosing the right kind of business finance as banks and other lenders offer a range of business loans, including overdrafts and lines of credit.

"To solve this, the Victorian government offers the Business Loan Finder, which is designed to be a quick and easy way for businesses to find and make meaningful comparisons across a complex range of credit products."

A business owner simply fills in the amount of money he or she needs to borrow on the website, specifying whether the loan is needed 'upfront' or 'at call', and the security that can be provided (residential, non-residential or none at all).

"The Business Loan Finder then takes care of the rest by finding and comparing loans that best meet their specific needs," he added.

With regards to the bilateral relationship between Malaysia and Australia, specifically Victoria, Dillon said that with the support of Small Business Victoria, CPA Australia is working with the SME Corporation Malaysia (SME Corp) to develop a Malaysian version of the guide.

CPA Australia and Small Business Victoria jointly share ownership rights to the "Financial Survival Guide for Small Businesses."

This guide has been developed to discuss the key financial aspects small businesses should focus on in order to ensure that good financial management is in place.

"The Victorian government, through Small Business Victoria, offers services at all stages of the business cycle to help businesses save time and money, and to promote growth in investment and jobs," elaborated Dillon on the role of the government in assisting SMEs.



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