

Home-based enterprises set to boom

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Small business editor

AUSTRALIA is becoming a haven for aspirational small business owners, with a new survey revealing one in eight households plan to go into business over the next year.

The news comes as small business leaders are warning the Reserve Bank not to be too trigger-happy with interest rates, fearing excessive rises could wound the sector.

The March *Sensis Consumer Report* also found that those running a business were even more inclined to start another.

"Sixteen per cent of households that currently run a business also have an interest in starting a new business venture," said Christena Singh, the author of the report.

The report also found that just over 20 per cent of Australian households have a member who owns a business.

Around the country the Northern Territory is the business start-up capital with the highest proportion of households intending to start a new business — 16 per cent.

But Ms Singh believes official statistics are underestimating the number of home-

based businesses in the country. "Our data shows there are 13 per cent of households with a home-based business and 9 per cent with an external business," she said.

"Consumer surveys like this one are best for detecting home-based businesses.

"Business surveys often miss home-based businesses."

The federal Government says there are about 800,000 home-based businesses.

But with 7.4 million households, the *Sensis* report figures suggest there are close to 900,000.

And close to another 900,000 intend to start a home-based business in the coming year.

The *Sensis* survey found that income was a key determinant for starting a business, with households in higher income brackets more likely to own a business.

"Thirty eight per cent of household with incomes of \$85,000 and above own a business, compared to 7 per cent of households with incomes less than \$35,000," Ms Singh said.

She said the survey also looked at the differences between consumer and small business confidence.

"We compared the results from the March 2005 *Sensis Consumer Report* with the

Sensis February 2005 Business Index to be able to better understand the views of the two groups," she said.

The survey of small business owners and consumers found that confidence among small businesses was at 59 per cent — 4 percentage points higher than for consumers.

Council of Small Business Organisations of Australia chief executive Tony Steven is concerned that this confidence could be rocked by an April interest rate rise.

"I would hope the Reserve Bank shows restraint," he said.

"Very small businesses feel the cost of an interest rate rise more than a bigger business."

Mr Steven said his city members believed that business had levelled off over the past year.

However, it seemed that many of the regions were "going gangbusters".

The survey found the chief concern for consumers was the cost of living, with 19 per cent of the 1500 surveyed nominating this as the key worry.

The home-based business sector would suffer much more from the interest rate rise, he said.