



## Media Release

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### Upbeat small firms keen to invest and hire more staff

*- New Business Micro Scope focuses on big role of smallest companies -*

Small firms are upbeat about their prospects and expect to lift investment and hire more staff in the coming year, according to the new Business Micro Scope report launched today by ANZ New Zealand.

The first Business Micro Scope survey, for the quarter to 31 March, reveals that small firms are positive about the outlook, though business confidence remains fragile. A net 28 per cent of small firms are optimistic about New Zealand's economic prospects over the next year, up 9 points on last quarter. A net 30 per cent are optimistic about the prospects for their own business.

Investment intentions remain strong, with a net 11 per cent of small firms expecting to increase investment – the fourth consecutive quarter that small firms have posted a double-digit figure. A net balance of 5 per cent of firms expect to increase staff.

ANZ's Managing Director, Business Banking, Fred Ohlsson, says: "It's encouraging to hear small businesses telling us they are upbeat about profitability, and expect to invest and take on more staff. This reflects a broader confidence about their prospects. Though tempered with concerns about turnover, this cautious optimism bodes well for the wider economy.

"Small firms with one to 20 staff are the lifeblood of our economy, accounting for 90 per cent of businesses and 38 per cent of employment. Yet until now there has been little research focused on how they are faring. As the economy continues its gradual recovery, our Business Micro Scope will help us track the big role played by small firms. We'll listen carefully to what they tell us about the outlook and the support they need to reach their business goals."

#### Highlights from the first ANZ Business Micro Scope survey of small firms:

[Note: Net percentages reflect the balance of sentiment, i.e. positive minus negative]

- **Small firms are cautiously optimistic** about the outlook for both the economy (net balance: 28%) and for their own business (30%). However, they are more cautious than larger firms, with lower readings across most measures.
- **A net 6% expect profits to increase** – maintaining a run of net positive figures since September 2009.
- **Investment intentions remain robust.** A net 11% of small firms expect to increase investment in the next 12 months.
- **Hiring intentions**, with a net balance of 5%, remain above the longer term average.
- **Low sales turnover** was flagged as the biggest challenge in the current economy.

ANZ New Zealand is the country's largest financial institution and one of the nation's largest companies. Its brands include ANZ Bank, National Bank, UDC Finance, OnePath, EFTPOS Bonus Bonds, and Direct Broking. Around one in two New Zealanders has a financial relationship with ANZ New Zealand.

## **ANZ BUSINESS MICRO SCOPE: TECHNICAL NOTES**

ANZ's Business Micro Scope survey is a new quarterly indicator providing a unique focus on prospects for small businesses across New Zealand. The new indicator covers a range of key business intentions and sentiment covering prospects for both respondents' own businesses and the wider economy. Figures released today cover the quarter to 31 March 2012.

The survey takes in responses from some 250 firms, comprising micro (up to 4 staff) and small businesses (up to 20 staff). The sample is taken from the existing National Bank Business Outlook Survey, which covers micro up to large businesses. Comparisons from previous quarters are calculated by extracting corresponding data on small businesses from that survey.

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