



Media Release

For Release: 8 October 2014

Confident in the capital – ANZ Business Micro Scope

Wellington is the capital of confidence for small firms, holding on to record business optimism as other parts of New Zealand come off recent highs.

Owners of small firms in the capital are more positive than in any other region, according to ANZ's quarterly Business Micro Scope survey of small businesses.

The feel-good factor in Wellington has held for two quarters at levels higher than at any time since comparable data was first collected in 2007.

Nationally, sentiment fell back for a second successive quarter in September but remains well above the historical average. Despite the general easing in confidence, investment intentions across the small business sector are at the third-highest level since 1999, and double the historic norm.

Fred Ohlsson, ANZ's Managing Director, Retail & Business Banking, said: "Businesses across New Zealand remain upbeat and are seeing positives in the current environment despite challenges such as higher interest rates, weaker commodity prices and a high dollar.

"Their strong commitment to keep investing means they're putting their money where their mouth is which will go a long way towards supporting sustained growth in the economy. This impact shouldn't be underestimated, as small firms account for 90 per cent of Kiwi businesses and provide nearly one in three jobs.

"Wellington is now leading the way, as its small firms play to their strengths in technology, smart industries and the creative sector. Nationally, manufacturing has also had a welcome boost while the service sector remains the most upbeat."

Highlights from the Sept 2014 ANZ Business Micro Scope survey of small firms:

[Net percentages reflect the balance of sentiment – i.e. positive minus negative responses]

- Confidence among small businesses has remained well above historical norms, with a net +20% feeling positive, though below the record highs recorded in the March quarter.
- **Investment intentions** (down 4 points to +17%) are at the third-highest level since 1999, and double the historic norm.
- **Wellington** (unchanged at +30%) is more positive than at any time since comparable data began in 2007, and is the nation's most upbeat region – followed by Canterbury (+26%), the rest of the South Island (+27%) and Auckland (+18%).
- **Services** (down 5 points to +25%) remains the most positive sector. Second-equal are **Manufacturing** (up 1 point to a nine-month high of +23%) and **Construction** (down 4 points to +23%)
- **Regulation** was identified as the biggest challenge facing small businesses (cited by nearly one in five), followed by **low turnover** and **lack of skilled staff**.

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ANZ BUSINESS MICRO SCOPE: TECHNICAL NOTES

The ANZ Business Micro Scope is a quarterly indicator which focuses on the prospects of small businesses across New Zealand. The survey was launched in March 2012 to address a lack of ongoing research specific to the small business sector. The Micro Scope covers a range of key business intentions and views on prospects for both respondents' own businesses and the wider economy. Figures released today cover the quarter to 30 September 2014.

The survey takes in responses from 250 firms, comprising *micro* (up to 5 staff) and *intermediate* sized businesses (6 to 20 staff). The sample is taken from the ANZ Business Outlook survey, which covers micro up to large businesses. Comparisons from before March 2012 are calculated by extracting corresponding data on small businesses from that survey, which goes back to December 1999.