



Media Release

For Release: 10 April 2013

Christchurch rebuild confidence spreading – ANZ Business Micro Scope

A wave of confidence around the Christchurch rebuild is spreading to small firms across the South Island and construction firms nationwide, according to ANZ's Business Micro Scope survey of small firms.

Confidence among Canterbury's small businesses continues its steady rise and a step-up in reconstruction has helped drive business expectations in the rest of the South Island to their highest level since before the Global Financial Crisis, the quarterly survey shows.

Construction lifted further as the most upbeat sector nationally, with confidence among small firms in residential construction surging to a 13-year high in March. Overall small businesses are keener to invest than at any time since 2005.

"Confidence in Canterbury has grown steadily for a year and is likely to rise further as the rebuild gains momentum," says Fred Ohlsson, Managing Director of ANZ Business Banking.

"But the good news doesn't stop there. The boost to business prospects is now spreading to small firms across the South Island and beyond.

"What happens in Christchurch matters for New Zealand. Canterbury makes up half of the South Island economy and 12 per cent of national GDP. The rebuild is too big for local firms alone - it spells opportunities for builders and other small firms way beyond Canterbury, and this is amplified by the property upturn in Auckland and other regions," Mr Ohlsson says.

"These trends are encouraging; what's good for small businesses is good for New Zealand. Small firms account for 90 per cent of our businesses and employ nearly one in three Kiwis. But challenges remain. Low turnover is still the biggest headache for small business owners, further underlining the importance of expert support and sound business planning."

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

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

- **Canterbury and Wellington** (at +17%) are the most optimistic regions despite an easing in Wellington. The rest of the South Island (16%) rose sharply to a close third.
- **Confidence in Auckland lifted significantly**, from +8% to +11%. The rest of the North Island continues to lag other regions, but remains positive at +9%.
- **Construction** remains the most upbeat sector nationally, up 3 points to +21%. The next most optimistic is **Manufacturing**, lifting to an 18-month high. Firms in **Agriculture** grew in optimism despite worsening drought across many regions.
- More firms plan to up **activity, hiring, investment** and **profitability** in the next year.
- **Own activity** expectations rose 4 points to an 18-month high. **Investment intentions** increased to an eight-year high of +13%
- **Small business confidence nationally** [+12%] remains above the long-term average.
- **Low turnover** remains the biggest challenge, cited by nearly one in five respondents. Regulation, competition and a lack of skilled staff are also significant issues.

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 31 March 2013.

The survey takes in responses from 250 firms, comprising *micro* (up to 5 staff) and *small* 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.

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