



Media Release

For release: 24 June 2011

Business and trade services fuel growth in small business

- Small business sales in May grew 3.1% year on year
- Sales bounce back from impact of ANZAC Day and Easter public holidays suppressed turnover
- Retail-related small business sales remain generally weak but business services up 11.6% year on year
- South Australia, NSW, Victoria and Western Australia recorded the strongest growth
- Regional small businesses continue to perform better than metropolitan areas

ANZ today released its monthly report into small business sales trends that showed sales had their strongest monthly growth in 15 months with an increase of 3.1% led by a strong performance in the non-retail sector.

The data is based on the value of credit and Eftpos transactions processed through ANZ systems and ANZ card transactions processed through other systems for businesses at least two years old with turnover less than \$5 million. ANZ has approximately 20% market share of all card transactions.

ANZ's Head of Australian Economics & Property Research, Ivan Colhoun said: "This month we saw the majority of growth improvements in the non-retail or services segments of small business.

"The best performing industry segments were business services (up 11.6% y/y), and trades (up 8.5% y/y). Importantly, this data supports other economic indicators which indicate retail spending on goods is still relatively flat at present, but spending on services, trades and other 'non-retail' areas is performing slightly better.

"On the other hand, clothing and furniture small businesses recorded a fall in revenues year on year, while sales for retail-related small businesses grew only 0.2% y/y. This indicates an element of continuing price deflation in these segments as well as generally more cautious consumer spending activity.

"Like last month, small businesses in regional locations experienced slightly stronger sales growth than their metropolitan counterparts, although the gap did narrow this month. This may reflect the mix of small businesses in each region, with more (relatively hard-hit) retailers concentrated in the metro regions, and a greater mix of small businesses providing business and trade services in regional locations. More broadly, the strong outlook for the mining and agricultural sectors is expected to support continued outperformance in regional areas.

"Across the states, the best small business sales growth was recorded in South Australia, NSW, Victoria and Western Australia. So far this year it's been South Australia outperforming the other states in sales growth. NSW small business sales showed some improvement this month with growth up 3.7%; however it has, on average, contracted each month in 2011 to date.

"Again, these differences across states support the evidence from other indicators which suggest NSW is still relatively slow, and Queensland still inconsistent due to the lingering effects of the recent natural disasters and the subsequent rebuilding process. In Victoria

the data reflects a strong performance with continuing stronger population, employment and housing construction rates" said Mr Colhoun.

ANZ's General Manager for Small Business, Nick Reade said: "We're pleased to see growth coming back into some sectors but tough trading conditions in retail means some businesses will continue to be under pressure to manage cash flow through the cycle."

"For us, it's important that we continue to focus on understanding the pressures our small business customers are facing and have the best solutions available to help them succeed," said Mr Reade.

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Notes for editors:

About ANZ Small Business Sales Trends

ANZ Small Business Sales Trends uses data from credit and debit card transactions through ANZ systems to provide insights into trading conditions for small businesses. The figures do not include cash transactions and therefore do not represent all sales for small businesses. The survey is limited to small businesses that have been accepting card payments for at least 24 months. Small businesses are defined as having estimated total turnover under \$5m p.a.

The series begins in March 2009 and is not sufficiently long enough to allow seasonal adjustment for the calculation of trend growth. The data is nominal or current dollars – i.e. it has not been adjusted for inflation.

Some changes in transactions that pass through ANZ systems can be attributed to factors such as changes in the acceptance and use of credit and debit card transactions, and changes in ANZ's market share. The focus on small business and use of a 24-month business existence filter is believed to minimise the significance of such distortions.

Small business at ANZ

ANZ Small Business Sales Trends is part of ANZ's commitment to its small business customers. Other recent initiatives to help support small businesses include:

- Employing 130 additional Small Business Specialists across metro and regional Australia
- A series of free online education courses and tools to help build the skills and knowledge of business owners, available through ANZ's Small Business Hub: register at thesbhub.com.au.
- An agreement with online accounting software provider Xero to provide small business customers and their advisors with an online, integrated banking and accounting solution that allows them to understand trading performance and cash flow position in real time.
- Awarded Australia's Best Value Small Business Bank 2010 by CANSTAR CANNEX
- Awarded CANSTAR CANNEX Innovation Excellence award for 'ANZ Business Insights'.

Business owners can see how they compare with ANZ Business Insights

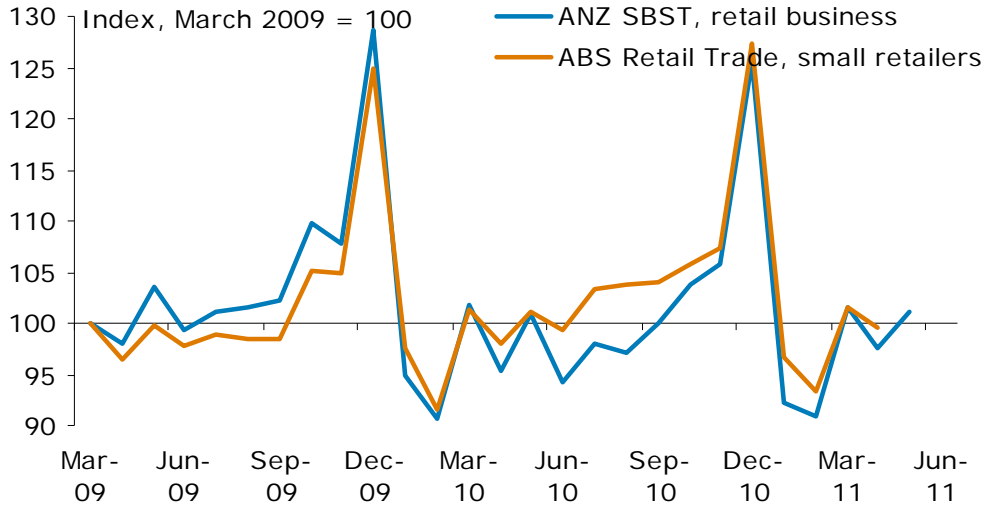
Businesses that accept card payments and industry specialists can access this information at a local level by signing up to ANZ Business Insights which is free for ANZ business customers.

ANZ Business Insights gives customers access to reports on sales patterns, turnover and customer insights. To find out more about ANZ Business Insights customers should speak to a local Small Business Specialist by calling 1800 801 485 or visit www.anzbusinessinsights.com



Small Business Sales Trends

Monthly sales index – comparison with ABS retail trade survey



Monthly growth summary – all small businesses

YoY % per month	May 2011	2011 YTD average	2010 average
- Retail related small business	0.2	0.0	-2.8
- Non-retail and services small business	5.0	-1.3	-1.8
- Metro small business	3.1	-0.7	-3.4
- Regional and rural small business	3.2	0.2	-2.0
All small business	3.1	-0.4	-2.1

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation



Small Business Sales Trends

Industry detail – small businesses

YoY % per month	May 2011	2011 YTD average	2010 average
Appliances and electrical	1.7	-1.0	-6.0
Automotive	4.9	-1.2	-3.1
Business services	11.6	-0.7	-0.1
Clothing and fashion	-2.8	-3.9	-6.7
Homewares and furniture	-1.5	-1.5	-4.1
Hotels and motels	1.6	4.0	-2.7
Other food outlets	-0.1	4.1	2.8
Other retail	1.5	0.2	-2.2
Personal services	2.1	-1.6	-1.3
Restaurants	7.9	8.4	5.4
Trade	8.5	1.8	-2.4
Travel and entertainment	2.3	-0.2	-1.3
All small business	3.1	-0.4	-2.1

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation.

Industry composition – predominant industry types:

Appliances and electrical – Appliance stores, electronics stores, hardware equipment, computer stores

Automotive – Car, Truck and Motorcycle dealers, Auto parts and repairs, service stations, taxi cabs

Business services- Office supplies, accountants, advertising services, legal services

Clothing and fashion – Clothing sales, footwear, jewellery, costumes, tailoring services

Homewares and furniture – Home and commercial furniture, drapers, flooring, antiques, homewares, art

Hotels and motels – Hotels, bars, beer and wine producers

Other food outlets – Fast food, bakeries, dairy product stores

Other retail – Books, pharmacies, newsagents, grocery stores, convenience stores, speciality retail

Personal services – Health and beauty services, cosmetics, dental, medical, childcare, gyms

Restaurants – Restaurants, cafes and catering

Trade – Construction materials, roofing, cleaning, plumbing, landscaping, tradespeople services,

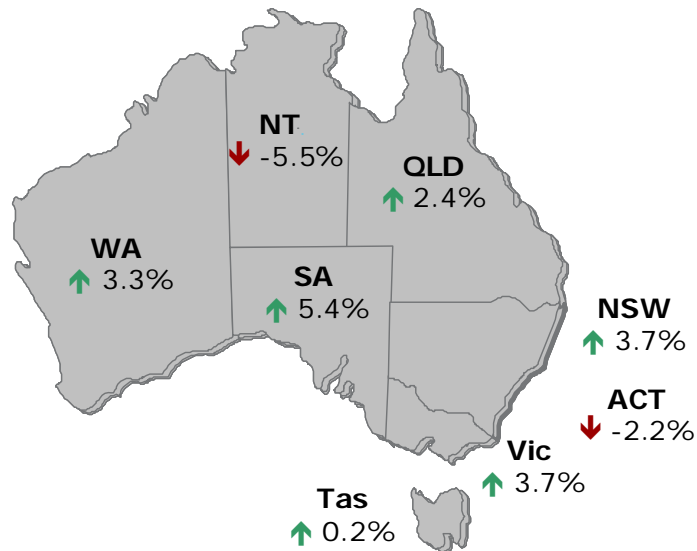
Travel & entertainment – Travel agents, caravan parks, movie theatres, video stores, amusements, luggage sales



Small Business Sales Trends

State breakdown – small businesses

Year-on-year growth, May 2011



YoY % per month	May 2011	2011 YTD average	2010 average
ACT	-2.2	-4.2	-2.6
NSW	3.7	-1.2	-3.0
NT	-5.5	-4.1	1.4
Queensland	2.4	-0.5	-3.9
SA	5.4	1.2	-0.6
Tasmania	0.2	-3.1	-1.9
Victoria	3.7	0.8	-0.6
WA	3.3	0.0	-1.3

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation.