Media Release

For release: 18 April 2012

Small business sales continue moderate rise

- Trade / construction sector soft in March –

Small Business Sales Trends – Highlights

- Small business sales increased by 2.5% y/y in March 2012 and by 4.8% on a YTD basis.
- Adjusting for monthly volatility and February's extra trading day, YTD small business sales growth was approx 3.5% y/y. This is a moderate improvement on 2011's average growth rate.
- Divergences in sales growth between the resources and non-resources states remains very evident, with WA (+7.4%), NT (+7.2%), and QLD (+5.6%) again showing the strongest YTD growth rates.
- Non-retail small business sales increased by 2.9% y/y in March, which is softer than the growth rate this sector has seen over the last few months.
- Overall, growth remains relatively soft in the retail sector (+1.8% y/y).
- Service-related businesses continue to retain their relatively strong growth rates, with restaurants up 8.7% y/y and hotels and motels up 7.0% y/y.
- Regional and rural small businesses continue to slightly outperform metro businesses, although the gap appears to be narrowing.

ANZ today released its monthly Small Business Sales Trends report which showed small business sales increased by 2.5% year-on-year (y/y) in March 2012. While growth was generally positive across most of the sectors and states, the data once again revealed that some areas are performing better than others.

ANZ General Manager of Small Business Nick Reade said: "Overall, small businesses are continuing to record positive sales growth, and total sales have now been positive since May 2011. Unfortunately there are some areas in particular that are still not growing as strongly as we would like."

"The March figures confirmed themes that we have been seeing for a while now. For example the non-retail and services sectors continue their moderate growth, up 2.9% year-on-year.

"Interestingly, the trades sector which had been growing strongly in recent months only grew by 0.8% year-on-year in March. This slight slow down in growth is also confirmed by what we've been hearing from our customers in this sector, and we're working closely with them to ensure they're fully supported to manage their cash flow through this flat patch.

"While the non-retail industries again outperformed their retail counterparts for the month, up 6.3% compared with 2.4%, retail on the whole is seeing modest improvements and we're hopeful it may be building momentum.

"Overall we remain optimistic about the outlook for small businesses in Australia. They're continuing to record positive growth in aggregate terms and we expect this momentum to continue into the year," Mr Reade said.

Ivan Colhoun, Head of ANZ Australian Economics and Property Research said: "There appears to be modest improvements in small business sales growth across most states. However, divergences between the resources and non-resources economies remain very evident. Western Australian, Northern Territory and Queensland continue to record much stronger growth rates, and this fits with Australia's macro story: we are seeing this multi-

speed story in a range of other indicators, including the ANZ Job Advertisement Series and the ABS Employment and Retail Sales data."

"The disparity in growth rates also extends to sectors within small business sales. The retail sector continues to show relative flat growth in its sales figures, increasing by 2.4% year-to-date in March, compared to growth of 6.3% year-to-date in the non-retail related sectors.

"As has been seen over the past six months, appliances and electrical and home-wares and furniture continue to record negative year-on-year growth. Clothing and fashion, although positive, was also relatively weak. These sectors have been affected by heightened consumer caution, as well as price deflation in their respective categories. In contrast, sales in service-related sectors such as restaurants, hotels and motels remain relatively strong, each recording in excess of 7% for year-on-year growth rates.

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

For further economic comment contact:
Ivan Colhoun
Head of Australian Macroeconomics and Property Research
Tel: +61 2 9227 1780
Email: Ivan.Colhoun@anz.com

For media queries contact:
Emily Kinnear
Media Relations Advisor
Tel: 03 8654 3540 or 0478 401 280
Email: emily.kinnear@anz.com

Notes for editors:

About ANZ Small Business Sales Trends

ANZ Small Business Sales Trends uses data from credit, debit and Eftpos transactions processed through ANZ merchant systems to provide insights into trading conditions for small businesses. The figures do not include cash transactions and therefore do not represent total sales for small businesses. The survey contains data from small businesses that have been accepting card payments during the 24 months directly preceding the current month (that is, businesses that have been in business and accepting payments for at least 24 months). Therefore each month, the survey uses data from a slightly different cohort of small businesses, as different businesses drop in and out of the 24 month timeframe. Small businesses are defined as having an estimated total turnover under $5m p.a. The data is nominal (current dollars), that is, they have 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 minimize 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:

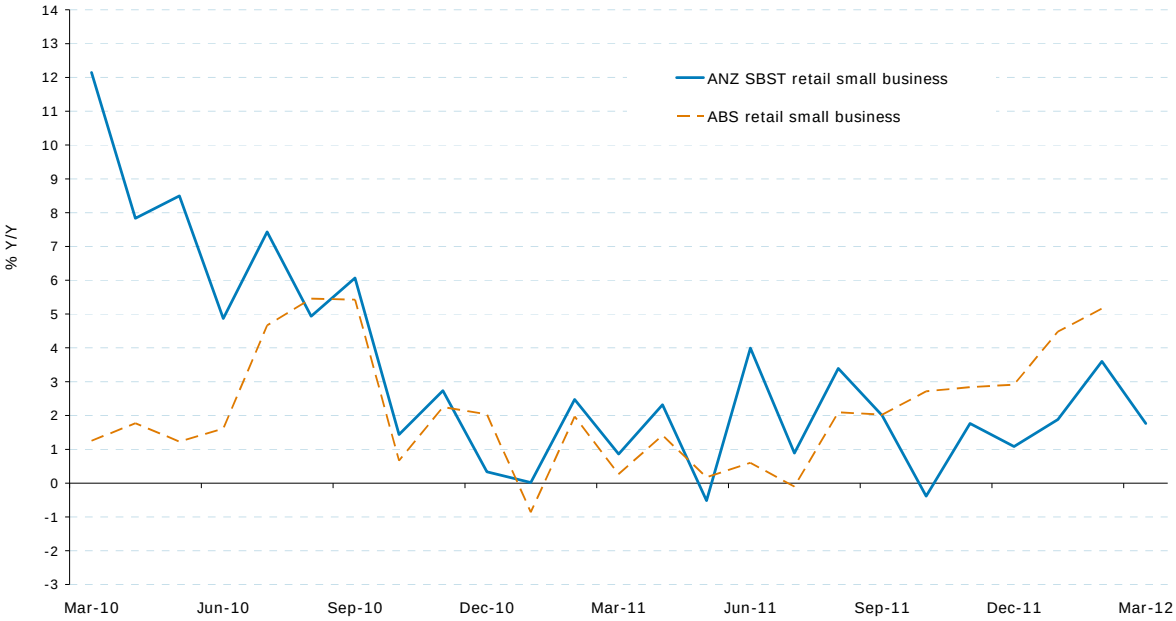
- A series of free online education courses and tools to help build the skills and knowledge of business owners, available through ANZ's Small Business Hub: register at thesbhub.com.au.
- An agreement with online accounting software provider Xero to provide small business customers and their advisors with an online, integrated banking and accounting solution that allows them to understand trading performance and cash flow position in real time.
- Awarded CANSTAR CANNEX Innovation Excellence award for 'ANZ Business Insights'.
- Awarded 2011 CANSTAR CANNEX award for outstanding value business deposits, business loans and business credit cards.

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

Small business growth – comparison with ABS retail trade survey*



*ABS retail trade survey, small retailers' sales values, not seasonally adjusted.

Growth summary – all small businesses

y/y %	Mar-12	2012 Year to Date	2011 year
By Industry Group:			
Retail related	1.8	2.4	1.5
Non-retail and services	2.9	6.3	1.9
By Location:			
Metro	2.3	4.4	1.3
Regional and rural	2.8	5.6	2.4
Total Small Business	**2.5**	**4.8**	**1.7**

Source: Aggregated ANZ cards and merchant transaction data. Not adjusted for inflation or market share.

Small Business Sales Trends

Industry detail – small businesses

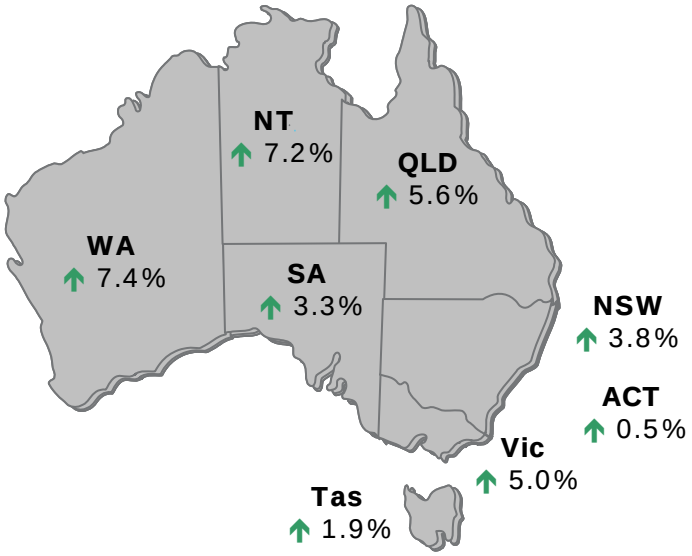
y/y %	Mar-12	2012 Year to Date	2011 year
Retail related:			
Appliances and electrical	-5.8	-3.1	-1.0
Clothing and fashion	0.8	0.7	-2.3
Home-wares and furniture	-0.9	0.1	-1.2
Other food outlets	7.7	5.8	6.0
Other retail	2.1	3.5	2.5
Restaurants	8.7	9.1	8.7
Total Retail	**1.8**	**2.4**	**1.5**
Non-retail related:			
Automotive	4.0	8.1	4.3
Business services	2.7	6.7	-1.1
Personal services	0.9	5.3	1.4
Trade	0.8	4.2	2.3
Travel and entertainment	6.7	8.1	1.6
Hotels and motels	7.0	4.6	4.1
Total Non-Retail	**2.9**	**6.3**	**1.9**
Total Small Business	**2.5**	**4.8**	**1.7**

Source: Aggregated ANZ cards and merchant transaction data. Not adjusted for inflation or market share.
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
Home-wares 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 detail – small businesses

Year-on-year growth, 2012 year to date



Year-on-year growth, March 2012

y/y %	Mar-12	2012 year to date	2011 year
New South Wales	2.4	3.8	1.3
Victoria	2.6	5.0	2.6
Queensland	1.7	5.6	1.8
Western Australia	5.1	7.4	1.6
South Australia	1.2	3.3	3.0
Tasmania	-0.9	1.9	-2.0
ACT	-0.2	0.5	-2.0
NT	6.2	7.2	-1.2
Total Small Business	**2.5**	**4.8**	**1.7**

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