â€˜Carbon Tax will have little or no impact on businessâ€™: NZ businesses tell their Australian counterparts

MSI Global Alliance Business Impact Survey: SME predictions for FY2012/13

A survey of 622 Australian and233 New Zealand business-owners undertaken this week by legal and accountinggroup MSI Global Alliance provides key insights into each countrys respectiveCarbon Pricing and Emissions Trading schemes, Growth, Profitability and Employmentforecasts together with predictions on Recession, Corporation Tax and BusinessConfidence.

Key results are as follows:-

1. AustralianCarbon Tax vs. New Zealand Emissions Trading Scheme Business Impact?

Australianparticipants were asked how strongly will the introduction of the Carbon Taxon 1 July impact your business in terms of the costs of doing business?:

-Almost one third (31%) of respondents said they believe the carbontax will impact their business very strongly (10%) or strongly (21%) interms of the costs of doing business. One third (33%) said the carbon tax willmake little difference (25%) or no difference (8%).

Two years on from theintroduction of the NZ Emissions Trading Scheme (NZETS), New Zealandparticipants were asked The NZETS was introduced in July 2010. How big animpact did it have on your business cost base?:

-71% of NZ respondents said that the introduction of the Scheme in2010 had ultimately had little impact (15%) or no impact at all (56%). Just9% of NZ respondents said the Scheme had impacted their businesses verystrongly (3%) or strongly (6%) in terms of the costs of doingbusiness.

2.Business Impact of the Eurozone financialcrisis on the Australian and New Zealand economies in 2012/13

Survey participants were asked topredict how strongly the Eurozone crisis would impact the local economy.

Australian business-ownersresponded as follows:

-68% of Australian respondents predicted the Eurozone financialcrisis would have either a very strong impact (14%) or strong impact (54%)on the Australian economy. Just 11% predicted the Eurozone crisis would havelittle impact (10%) or no impact at all (1%)

New Zealand business-ownersresponded as follows:

-76% of New Zealand respondents predicted the Eurozone financialcrisis would have either a very strong impact (26%) or strong impact (50%)on the NZ economy. Only 6% predicted the Eurozone crisis would have littleimpact (6%) or no impact at all (0%)

3.Forecasts - Revenue, Profitability andEmployment growth for 2012/13

Survey participants were asked tostate how likely they will be to grow annual revenue, grow profitabilityand take on more employees this financial year.

Australian business-ownersresponded as follows:

Degrees ofconfidence on Revenue Growth, Profitability, less confidence on increasing TotalEmployment numbers:

-53% of businesses said they would be very likely (17%) orlikely (36%) to grow their annual revenues in the 2012/13 financialyear

-47% of businesses said theywould be very likely (13%) or likely (34%) to grow their profitabilityin the 2012/13 financial year

-51% of businesses answered unlikely (27%) or wewont (24%) when asked how likely they would be to take on more employeesin the 2012/13 financial year

New Zealand business owners responded asfollows:

Degrees ofconfidence on Growth, Profitability, less confidence on increasing Total Employmentnumbers:

-42% of businesses said they would be very likely (11%) or likely(31%) to grow their annual revenues in the 2012/13 financial year

-39% of businesses said theywould be very likely (11%) or likely (28%) to grow their profitabilityin the 2012/13 financial year

-54% of businesses answered unlikely (28%) or wewont (26%) when asked how likely they would be to take on moreemployees in the 2012/13 financial year

4.Predictions Recession, Corporation Tax (Aus)and Business Confidence in 2012/13

Survey participants were asked topredict how likely it is that the economy will stay out of recession; thegovernment will agree a cut in corporation tax (Australia) and businessconfidence will improve across the economy.

Australian business-ownersresponded as follows:

-50% of participants forecast it as very likely (6%) or likely(44%) that the economy will remain outof recession.

-Just 9% forecast the Australian government agreeing a cut in CorporationTax

-Only 19% said business confidence is very likely (2%) orlikely (17%) to improve.

New Zealand business ownersresponded as follows:

-41% of participants forecast it as very likely (2%) or likely(39%) that the economy will remain outof recession.

-25% said business confidence is very likely (9%) orlikely (16%) to improve.

MSI Global Alliance spokesmanAlec Blacklaw commented on the survey results: We are all reading and hearingabout the potential damage that the recently introduced Carbon Tax could do tothe Australian economy, not least in terms of impacts on business confidence.However, recent experience from business owners in New Zealand, where theEmissions Trading Scheme was introduced just over two years ago in July 2010,suggests that the actual impact on the costs of doing business will be very small.

For business-owners, whilebusiness confidence is as much based upon gut-feel and the weight of commentaryin the market as it is upon hard facts and data, we believe this surveyprovides some positive messages about business forecasts for 2012/13 in bothNew Zealand and Australia.

Owners are not brimming withconfidence, however, a significantly large proportion in both countries areforecasting both revenue and profit growth this financial year.

For more information, a more detailed copy of the survey resultsor to arrange an interview, please call Maree Schneiders on +61 (0)411 446 484or maree@strategyco.net

About MSIGlobal Alliance:

MSI Global Alliance (MSI) is one of the worlds leading international alliances ofindependent legal and accounting firms, with over 250 member firms in 105countries.

InAustralia and New Zealand, MSI consists of 14 independentlegal and accounting firms that provide specialist services to local andoverseas businesses.

As a group, MSI members are committed to serving companies andindividuals both in Australia, New Zealand and around the world.

For further information about MSI in Australia and New Zealand,visit www.anz.msiglobal.org

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