

Carbon Tax will have little or no impact on business: NZ businesses tell their Australian counterparts

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

A survey of 622 Australian and 233 New Zealand business-owners undertaken this week by legal and accounting group MSI Global Alliance provides key insights into each country's respective Carbon Pricing and Emissions Trading schemes, Growth, Profitability and Employment forecasts together with predictions on Recession, Corporation Tax and Business Confidence.

Key results are as follows:-

1. Australian Carbon Tax vs. New Zealand Emissions Trading Scheme – Business Impact?

Australian participants were asked 'how strongly will the introduction of the Carbon Tax on 1 July impact your business in terms of the costs of doing business?'

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

Two years on from the introduction of the NZ Emissions Trading Scheme (NZETS), New Zealand participants were asked 'The NZETS was introduced in July 2010. How big an impact did it have on your business cost base?'

-71% of NZ respondents said that the introduction of the Scheme in 2010 had ultimately had 'little impact' (15%) or 'no impact at all' (56%). Just 9% of NZ respondents said the Scheme had impacted their businesses 'very strongly' (3%) or 'strongly' (6%) in terms of the costs of doing business.

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

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

Australian business-owners responded as follows:

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

New Zealand business-owners responded as follows:

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

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

Survey participants were asked to state how likely they will be to 'grow annual revenue', 'grow profitability' and 'take on more employees' this financial year.

Australian business-owners responded as follows:

Degrees of confidence on Revenue Growth, Profitability, less confidence on increasing Total Employment numbers:

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

-47% of businesses said they would be 'very likely' (13%) or 'likely' (34%) to grow their profitability in the 2012/13 financial year

-51% of businesses answered 'unlikely' (27%) or 'we won't' (24%) when asked how likely they would be to take on more employees in the 2012/13 financial year

New Zealand business owners responded as follows:

Degrees of confidence on Growth, Profitability, less confidence on increasing Total Employment numbers:

-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 they would be 'very likely' (11%) or 'likely' (28%) to grow their profitability in the 2012/13 financial year

-54% of businesses answered ‘unlikely’ (28%) or ‘wewon’t’ (26%) when asked how likely they would be to take on more employees in the 2012/13 financial year

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

Survey participants were asked to predict how likely it is that ‘the economy will stay out of recession’; ‘the government will agree a cut in corporation tax’ (Australia) and ‘business confidence will improve across the economy’.

Australian business-owners responded as follows:

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

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

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

New Zealand business owners responded as follows:

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

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

MSI Global Alliance spokesman Alec Blacklaw commented on the survey results: “We are all reading and hearing about the potential damage that the recently introduced Carbon Tax could do to the Australian economy, not least in terms of impacts on business confidence. However, recent experience from business owners in New Zealand, where the Emissions 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, while business confidence is as much based upon gut-feel and the weight of commentary in the market as it is upon hard facts and data, we believe this survey provides some positive messages about business forecasts for 2012/13 in both New Zealand and Australia.

“Owners are not brimming with confidence, however, a significantly large proportion in both countries are forecasting both revenue and profit growth this financial year.”

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

About MSI Global Alliance:

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

In Australia and New Zealand, MSI consists of 14 independent legal and accounting firms that provide specialist services to local and overseas businesses.

As a group, MSI members are committed to serving companies and individuals 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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