

News Release

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Help wanted as positive small firms eye expansion

Small business confidence lifted in June, with growth expectations rising to the highest in a year. However, growth could be constrained by a lack of skilled staff, according to ANZ's quarterly Business Micro Scope survey of small firms.

A net 8% of respondents say they are confident about the business environment, with an increase in firms' investment intentions and expectations for profit and growth in their own business.

Construction and services are the most upbeat sectors, with Wellington and the South Island outside Canterbury leading the regions.

"Small business owners are telling us they're confident and ready to put their money where their mouth is by investing to grow their business," said Andrew Webster, Regional General Manager Retail and Business Banking.

"A net 27% expect to lift activity over the coming year, and this bodes well for economic growth. But the ability to hire capable staff is re-emerging as a handbrake that could constrain further expansion.

"Being able to recruit the skills they need is a key factor influencing whether businesses can meet demand in the market, yet nearly one in five small firms consider finding skilled employees as their main obstacle.

"Migration and training will remain to the fore in maintaining the national talent pool, while firms will more than ever need to build their strategies to attract and keep good staff who can help take their business forward."

Highlights from the June 2016 ANZ Business Micro Scope survey of small firms:

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

- Small firms' confidence in the business environment lifted to +8%, from +1% in March.
- The composite measure (a growth indicator taking in firms' own activity, employment, investment and profit expectations) rose 3 points to a one-year high of +13%.
- **Wellington** and the **South Island outside Canterbury** (both +19%) are the most upbeat regions, followed by **Auckland** (+16%) and the **Rest of the North Island** (+11%).
- The **Services** sector (up 7 points to +24%) led the way, followed by **Construction** (up 5 to +17%). Easing slightly were **Manufacturing** (down 2 to +16%) and **Retail** (down 1 to +11%). **Agriculture** lifted slightly though dairy concerns are still weighing at -13%.
- **Lack of skilled staff** joins **Regulation** at the top of business owners' concerns. Each was cited by nearly one in five as their biggest challenge, followed by **Low turnover** and **Competition**.

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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 30 June 2016.

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