



## Media Release

3 September 2015

### Big wheels of change keep on turning

New Zealand's \$6 billion road transport sector is undergoing significant change driven by new technology and increasing compliance requirements, new research by ANZ and UDC Finance has found.

The annual ANZ Privately Owned Business Barometer survey of 106 road transport businesses found an industry that was upbeat about the future, which led the way in use of new technology, and recognised the need for participants to continually their business skills and sharpen their focus on profit.

"The road transport sector plays a vital role in the New Zealand economy, moving around 50 tonnes of freight for every person in New Zealand each year," said Wayne Percival, CEO of UDC Finance.

#### Key findings

- Just 29% of road transport respondents in the Barometer said they were planning to invest in training and development, compared with 51% of all respondents.
- Almost 20% of road transport respondents felt that being proactive about environmental considerations was good for their business.
- 26% had a turnover under \$250,000, 41% had turnover between \$250,000 and \$2 million, and 33% had turnover of more than \$2 million.

"Continuing growth in Auckland and Christchurch, the growth of key sectors such as supermarkets and positive economic indicators, such as New Zealand's exposure to Asian growth, are keeping levels of confidence high.

"While the level of long-term optimism is heartening, the sector is not without its issues. Chief among these is the need to bring a new generation of young people into the industry, and the need for more support for the many smaller operators and owner drivers to improve business management skills.

"In an industry where customers are keenly focused on price it's important to demonstrate the value that they deliver to ensure pricing across the sector is sustainable"

The 2015 survey, undertaken in the first half of the year, was followed up by Focus Groups throughout New Zealand.

The Road Transport Insights 2015 Report - a joint initiative between ANZ and UDC (a wholly-owned subsidiary of ANZ) - was compiled from the findings and is available here: [www.anz.co.nz/barometer](http://www.anz.co.nz/barometer)

Issues identified in the survey included:

### Ageing industry

With the average age of drivers around 53, there is a real need to bring more young people into the industry. However, there are a range of barriers to that, including the length of time (and cost) to get a licence, long and irregular hours of work, truck driving not being seen as a career option in schools, and introduction of larger, more expensive rigs - many companies are reluctant to entrust them to inexperienced drivers.

### Lack of skilled staff

37% of Road Transport respondents reported that lack of skilled staff has had a significant impact on their business recently, compared to 26% of respondents overall. Difficulty recruiting drivers has been a feature of the industry for some time. A survey by the Road Transport Forum in 2014 revealed that of the 230 firms that responded, almost half of them had trucks parked up because of a shortage of drivers.

### Size matters

The survey data indicates a relationship between size and profit. Larger businesses that enjoy economies of scale, better utilisation rates and greater flexibility, were more likely to have increased their profit in the last financial year. However, the data also shows that greater size appears to bring more potential for volatility. Larger businesses were generally less optimistic about prospects for the industry over the next three years than small businesses.

### The environment

Almost 20% of road transport respondents felt that being proactive about environmental considerations was good for their business. Larger businesses (\$2 million+ turnover) were much more positive than small operators, perhaps reflecting an increased scrutiny on the environmental performance of larger businesses. On the other hand, 18% of respondents felt environmental considerations brought significant extra costs, while only 6% said environmental management is a key factor in their business decision making.

### Compliance

Most respondents felt that the compliance regime and regulations had resulted in an industry that was safer and more professional. On the other hand, there was a feeling that the some aspects were out of balance, with many smaller businesses are also struggling to manage the implementation of new Health and Safety regulations. Some companies, for example (typically larger ones) viewed a strengthened compliance regime as a good thing for the industry. Overall, there was an acceptance that regulations and compliance would become more rigorous.

The ANZ Privately-Owned Business Barometer is New Zealand's most comprehensive annual survey of business sentiment, taking in commercial, farming and Maori businesses.

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