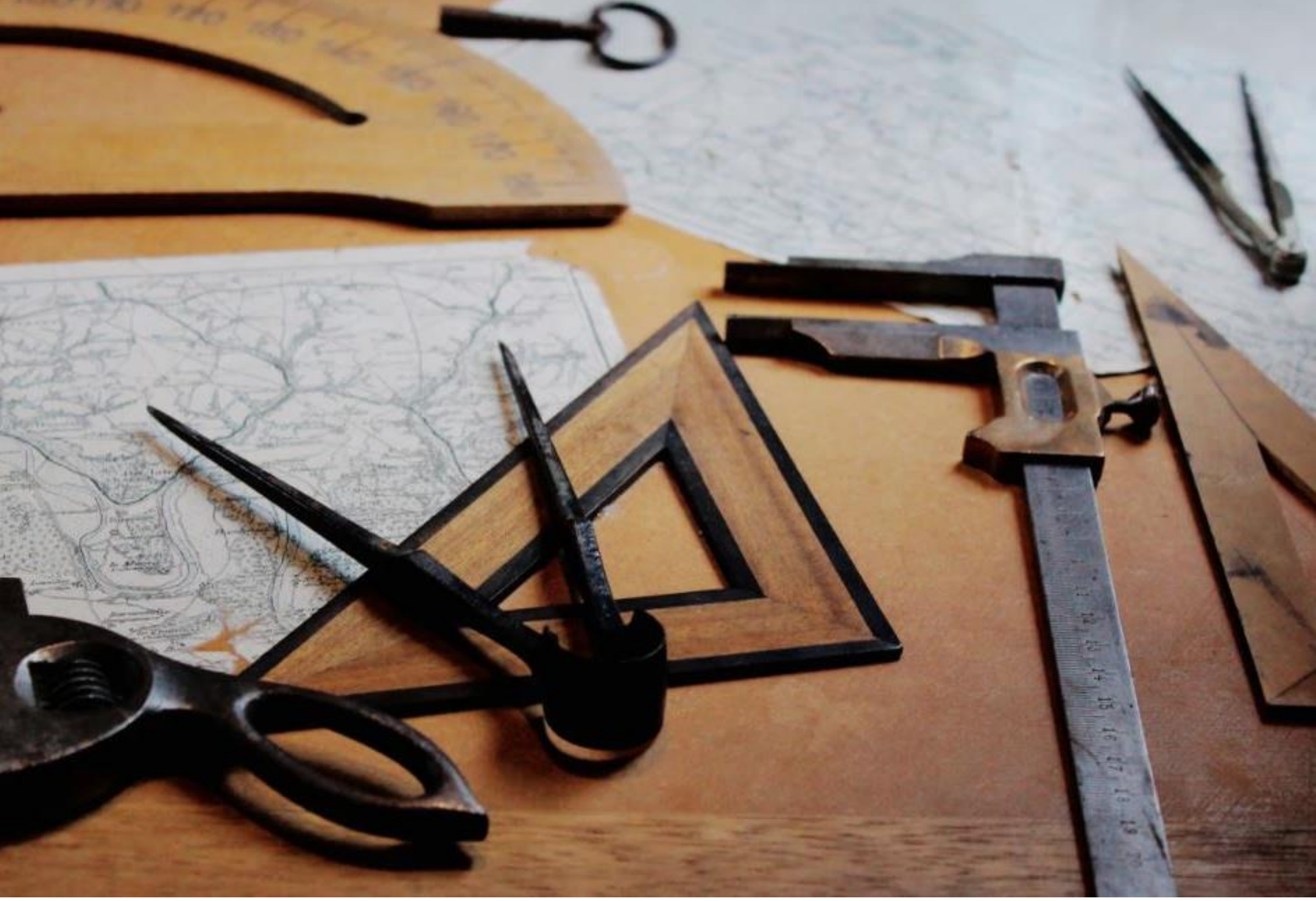

ENTERPRISE NORTH CANTERBURY

NORTH CANTERBURY **BUSINESS OPINION** SURVEY

April 2021

RESEARCH RESULTS

WWW.NORTHCANTERBURY.CO.NZ

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North Canterbury Business Opinion Survey: April 2021

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Key Messages
from North Canterbury businesses

North Canterbury Business Opinion Survey: April 2021

- There is no longer a negative outlook for the wider New Zealand economy from North Canterbury businesses, with a positive outlook for the first time since April 2017. We are now showing a net +1% business confidence compared to net -59% at the same time last year.
- A similar trend is showing across New Zealand, with New Zealand business confidence rising from net -67% (last year) to net -11%.
- Sales levels have increased (net +15%) overall, but profitability is decreasing (net -6%) Overall, businesses expect profitability to stabilise over the next six months.
- The costs of running a business have risen in the last six months for 52% of respondents, and 59% expect costs to increase further in the next six months.
- The number of businesses that consider they have been negatively impacted by Covid-19 has decreased from 79% (last year) to 44% (this year).
- 40% of businesses are reporting that their business has grown as a result of Covid-19
- 73% of North Canterbury businesses reported that they would be willing to invest in order to improve their carbon impact or sustainability. 14% of those businesses would be prepared to do so for no financial return.

Business Confidence

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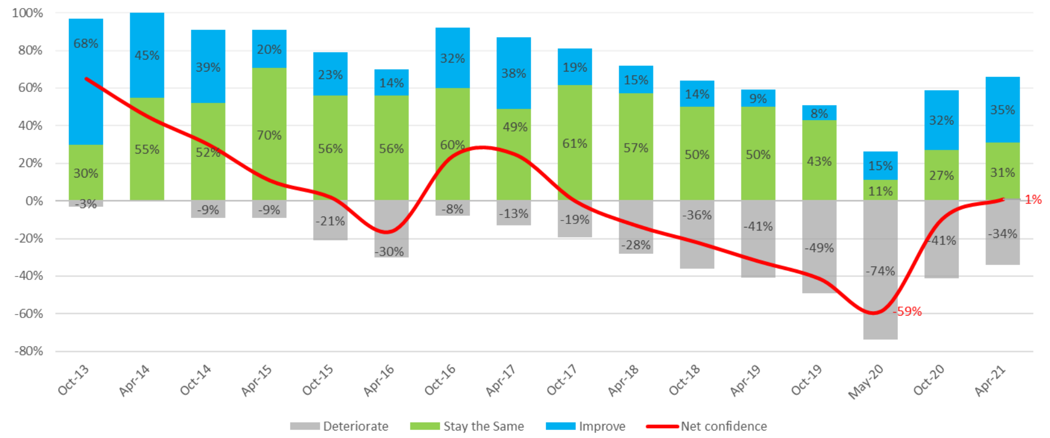
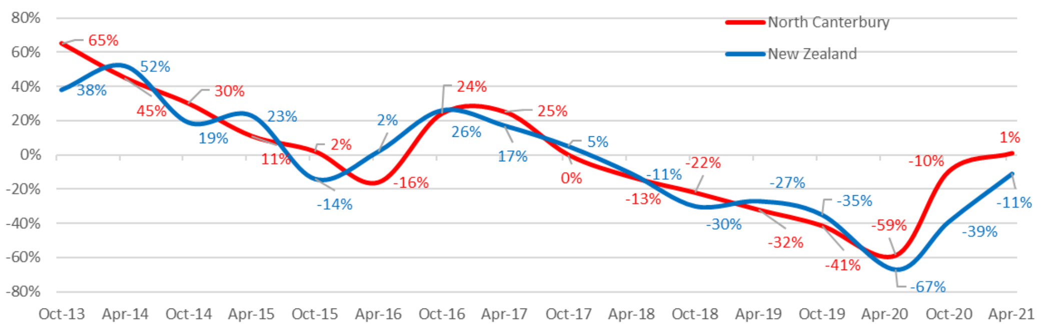
North Canterbury Business Opinion Survey: April 2021

Confidence in the general business situation in New Zealand has turned around for North Canterbury businesses. The outlook has changed over the last year from very negative (during lockdown) to neutral (net +1% in April 2021). This is a dramatic increase but is roughly in line with New Zealand as a whole.

34% of participating businesses expect our situation to deteriorate over the next 6 months while 35% expect our situation to improve.





Context

North Canterbury continues to show a greater level of business confidence than New Zealand as a whole. This can be attributed somewhat to a lower exposure in North Canterbury of businesses reliant on international tourism. Local tourism operators overall report that business is better than last year due to a large number of domestic tourists.

Businesses also report that government subsidies along with lessons learnt through various earthquakes helped them to weather the difficult period during and after lockdown.

Operations
Profitability

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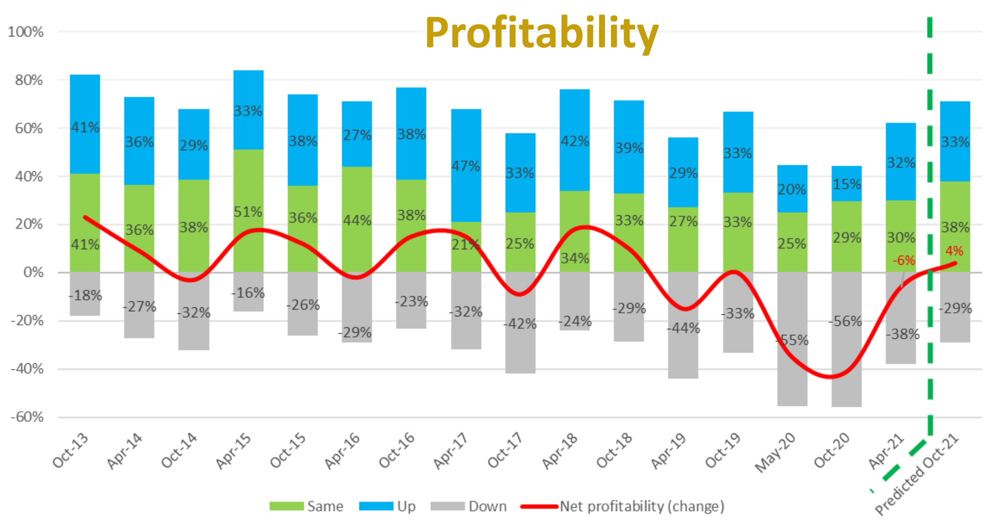
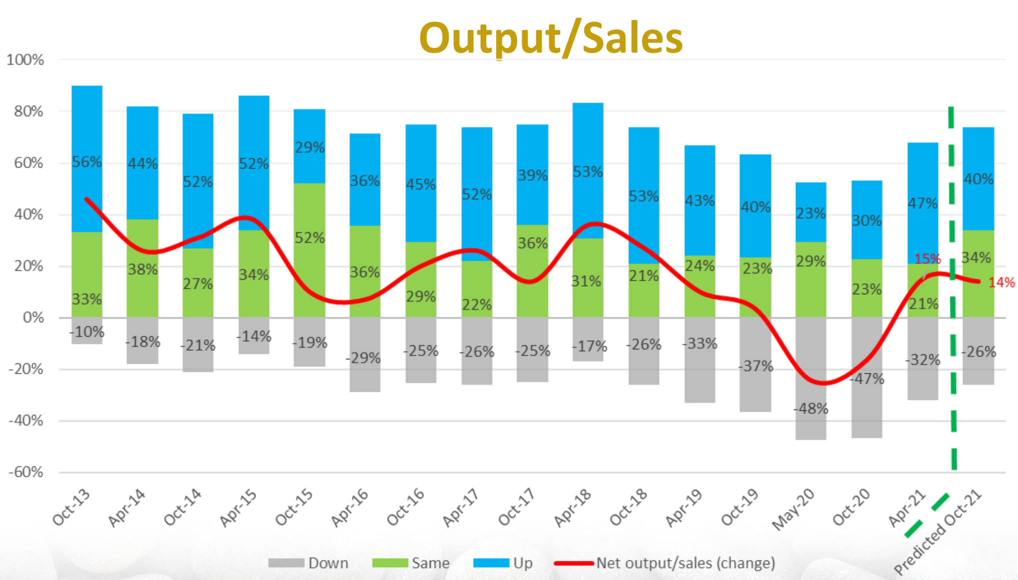
North Canterbury Business Opinion Survey: April 2021

38% of businesses saw a drop in profits over the last six months while 32% saw an increase (net -6%).

While this is a great improvement from October 2020, more businesses are still seeing a decrease in profit than an increase. Businesses overall are expecting profitability to stabilise over the next 6 months.

This drop in profitability is despite a reasonable increase in sales for businesses and reflects the increased costs of doing business (net +43%)





Covid-19
Impact on Business

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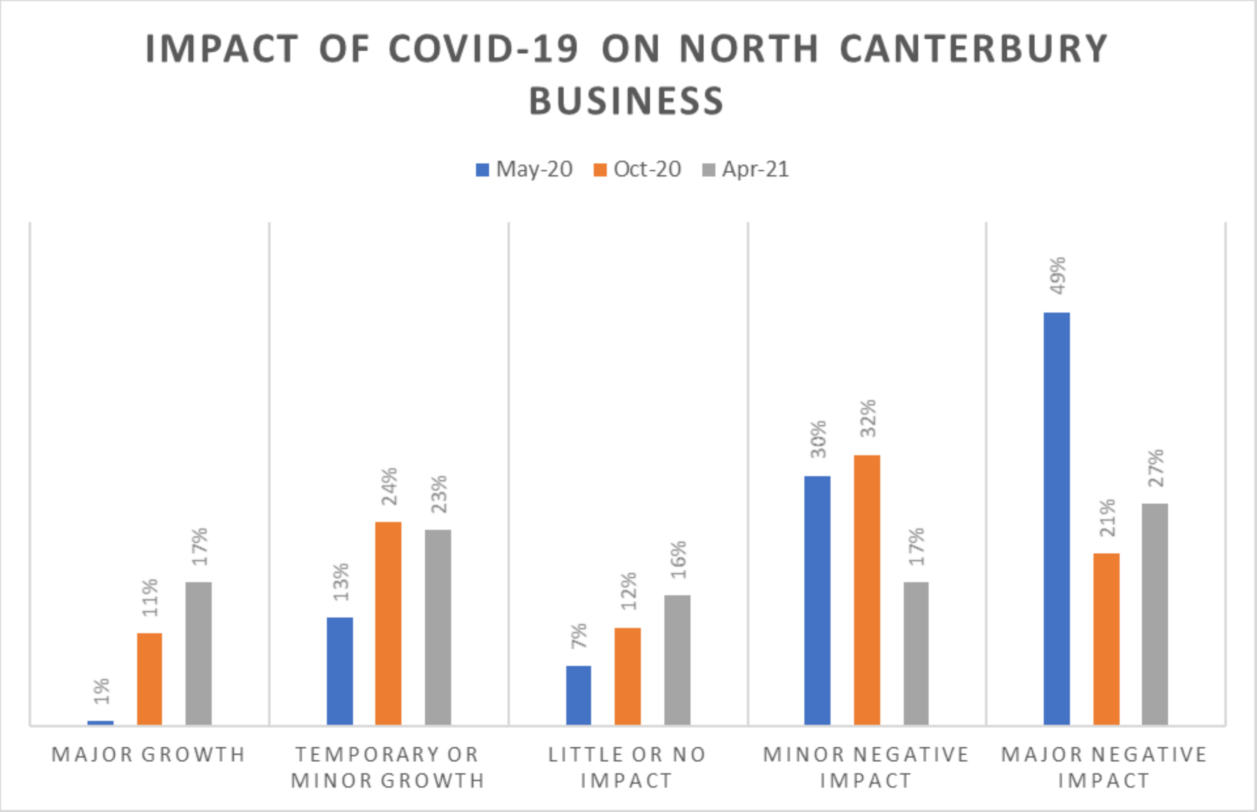
As part of the last three surveys we have asked businesses what the impact of Covid-19 has been on their business.

We have seen a steadily improving result over these surveys, with fewer businesses showing a negative overall impact (from 79% in April last year to 44% now) and more showing a positive impact (from 14% in April last year to 40% now).



Employment Trends

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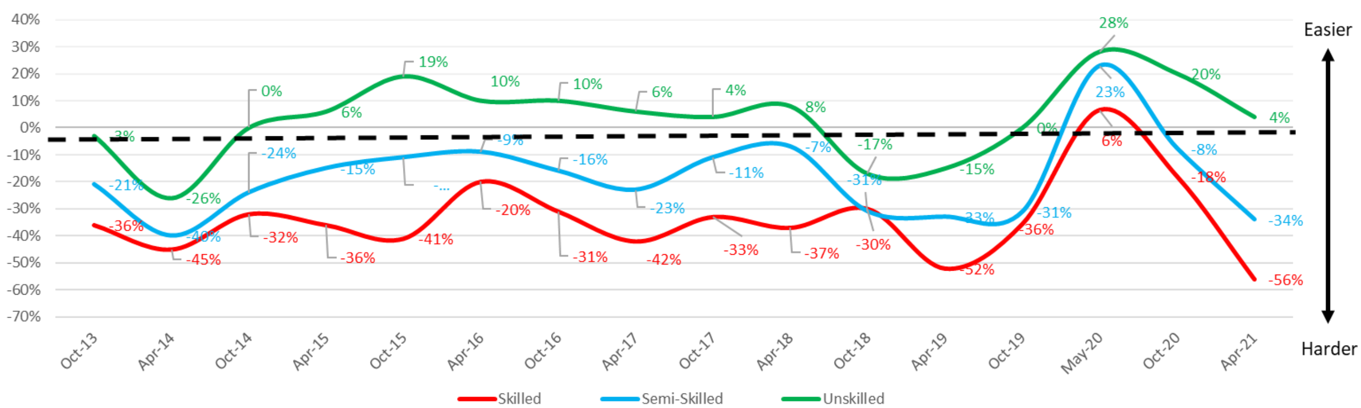
North Canterbury Business Opinion Survey: April 2021

North Canterbury businesses report that it continues to get harder to find skilled and semi-skilled staff, but the ease of finding unskilled staff remains relatively steady.

28% of employers reported it easier to find unskilled staff in North Canterbury than six months ago, while 24% found it harder (net +4%).

Difficulty of finding staff



Barriers to sourcing staff

	Apr-14	Oct-14	Apr-15	Oct-15	Apr-16	Oct-16	Apr-17	Oct-17	Apr-18	Oct-18	Apr-19	Oct-19	May-20	Oct-20	Apr-21
Lack of required training / skills	4	4	5	7	7	11	7	3	6	9	5	2	6	12	5
Fewer Applicants/Supply Shortage	-	-	-	-	-	-	-	2	6	7	7	5	-	10	5
Competition with other industries	5	4	7	4	2	2	2	-	-	2	1	5	-	1	3
Location too far from main centres	2	1	2	1	1	2	4	1	4	7	-	3	2	1	3
Lack of accomodation	-	-	-	-	-	-	-	-	-	-	2	-	-	1	
Immigration policy issues	-	-	-	-	-	-	-	-	-	-	3	2	-	1	2
Other reasons	-	-	2	4	-	2	-	4	3	7	3	5	3	5	7
Total	**11**	**9**	**16**	**16**	**10**	**17**	**13**	**10**	**19**	**32**	**21**	**22**	**11**	**31**	**25**

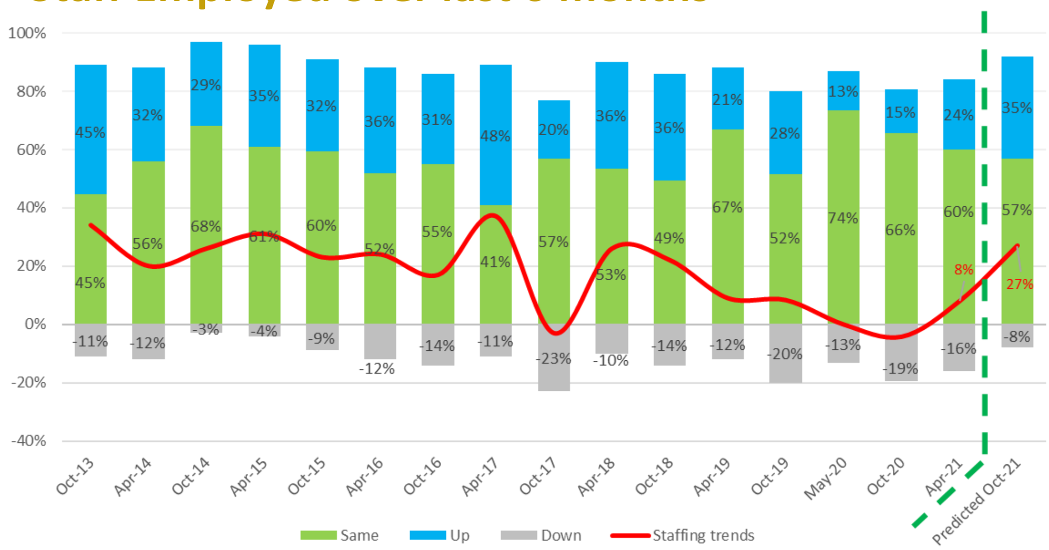
Employment Trends

Recruitment levels are starting to rise again, with more businesses seeing an increase in staffing numbers (24%) instead of a decrease (16%).

Businesses expect this trend to accelerate with 35% of businesses expecting to increase staff numbers in the next six months.

Word of mouth continues to be the main method of finding employees (57% of employers use this method), followed by internet advertising (34%) and friends/family (32%).

Staff Employed over last 6 months



Where staff are sourced

	Apr-14	Oct-14	Apr-15	Oct-15	Apr-16	Oct-16	Apr-17	Oct-17	Apr-18	Oct-18	Apr-19	Oct-19	May-20	Oct-20	Apr-21
Word of Mouth	56%	59%	69%	56%	60%	65%	74%	58%	60%	67%	63%	65%	50%	58%	57%
Internet Advertising	59%	47%	56%	56%	51%	56%	70%	64%	57%	71%	56%	60%	38%	42%	34%
Newspaper Advertising	38%	38%	33%	35%	26%	27%	21%	25%	17%	13%	16%	11%	7%	8%	8%
Friends/Family	18%	21%	29%	27%	23%	13%	38%	14%	22%	21%	29%	35%	21%	27%	32%
Recruitment Company	15%	9%	11%	25%	16%	10%	13%	6%	17%	21%	18%	19%	12%	9%	3%
Immigration/Skills Hub	6%	6%	4%	10%	5%	10%	6%	14%	8%	6%	7%	3%	3%	1%	3%
Social Media	-	-	-	-	-	-	-	-	7%	3%	38%	35%	28%	32%	28%
Government Department	-	-	-	-	2%	2%	-	6%	3%	1%	2%	5%	0%	2%	5%
Other	6%	9%	16%	13%	9%	6%	-	8%	10%	11%	5%	3%	3%	2%	2%
Not applicable/Don't Know	3%	6%	2%	6%	12%	2%	-	14%	12%	7%	11%	11%	27%	25%	23%
Total	**34**	**34**	**45**	**48**	**43**	**52**	**47**	**36**	**60**	**72**	**55**	**63**	**149**	**132**	**65**

Investment

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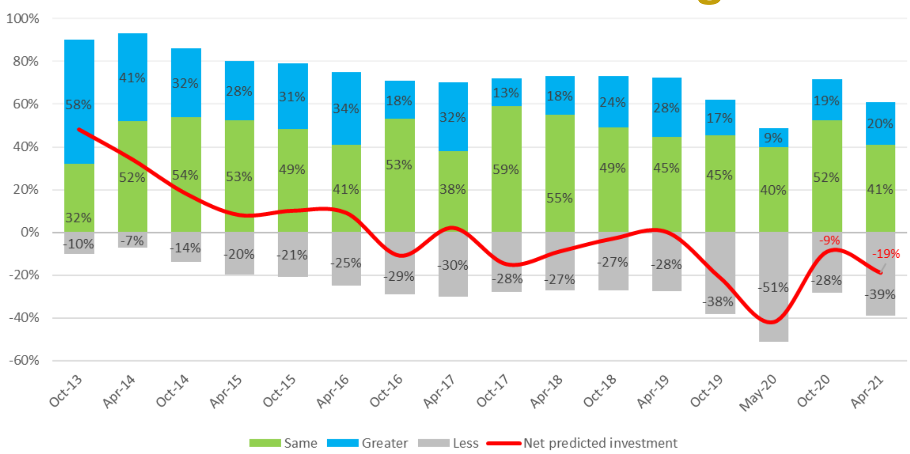
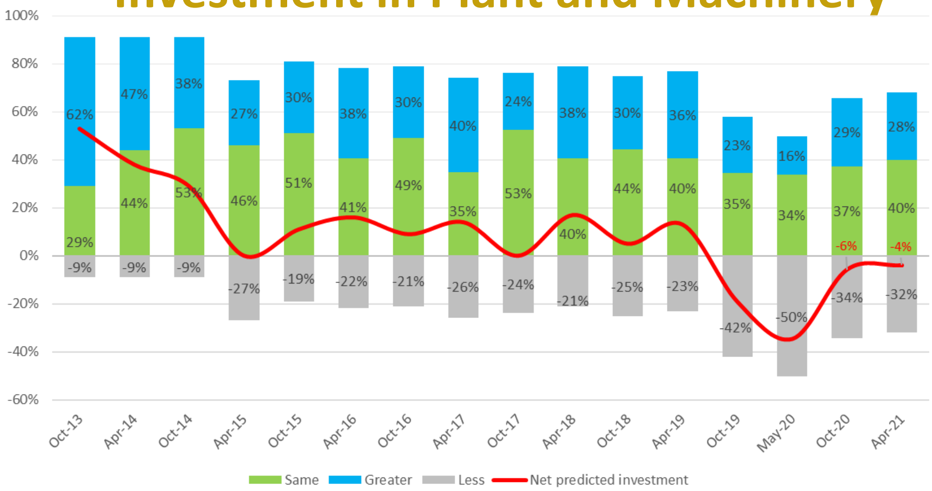
While business investment in buildings and plant/machinery has increased since lockdown, the level of investment that business owners are making remain low compared to pre-covid.

Investment in Buildings



Investment in Plant and Machinery



Context

While many existing businesses remain wary of making new investment in this uncertain time, we are seeing a large increase in interest in establishing new businesses in the region. Many of these are small scale businesses being established by people who were made redundant over the last year.

We are also seeing interest from businesses in establishing manufacturing and value-added primary production businesses in the region

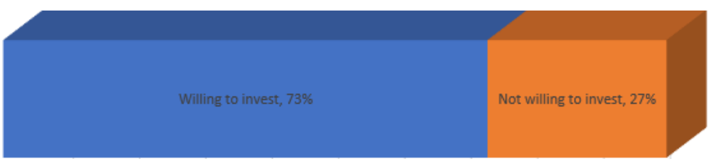
Sustainability

For this survey we asked an additional question – "How willing are you to invest in making your business carbon neutral/sustainable?".

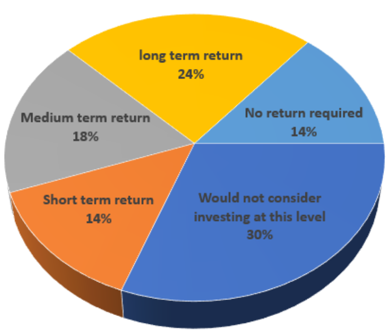
73% of businesses indicated that they would be willing to invest at some level. While most of these would require some level of return on investment, 14% indicated that they would invest even if it produced no return.

While most businesses are willing to invest, comments indicated that some were unsure of the best way to proceed, unconvinced of the effectiveness of carbon credits or worried about the additional cost putting them in an uncompetitive position.

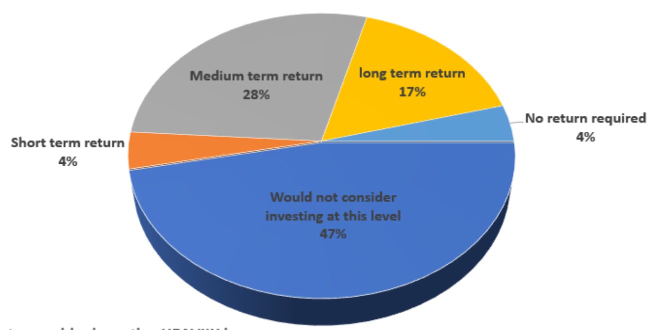
Feedback from businesses unwilling to invest included businesses who thought they had already done what they could, those who were unwilling to lose their competitive edge and those that believed that climate change is 'pseudo-science'.



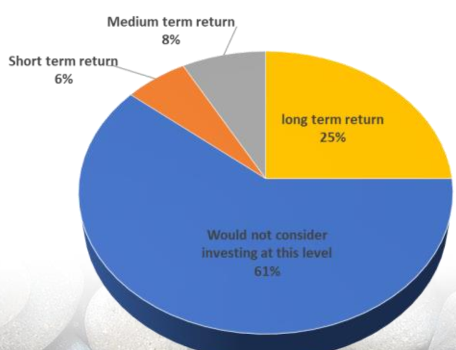
Financial return required for a business to consider A LOW LEVEL INVESTMENT in becoming carbon neutral



Financial return required for a business to consider investing A MODERATE AMOUNT in becoming carbon neutral



Financial return required for a business to consider investing HEAVILY in becoming carbon neutral



Who completed the survey?

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North Canterbury Business Opinion Survey: April 2021

The North Canterbury Business Opinion Survey is administered online every 6 months for the Waimakariri and Hurunui districts.

The results of this survey should always be considered as an indication of the views of local businesses given the sample sizes involved and is best used for identifying trends.

In 2020 we received responses from over 100 businesses for each survey. This year numbers have returned to a pre-covid level with a total of 65 responses.

47 respondents were from Waimakariri and 18 were from the Hurunui.

Industry

Accommodation, Cafes and Resturants	11
Manufacturing	11
Property and Business Services	11
Retail Trade	7
Education, Health and Community Services	5
Tourism/Outdoor Pursuits	4
Horticulture	4
Communication Services	3
Construction	3
Information Technology	2
Agriculture	1
Finance and Insurance Services	1
Government, Administration and Defence	1
Personal Services	1

Number of Employees

0-20	59
21-50	3
51-100	1
101-200	1
201-500	1

This survey provides insight into a range of business types and sizes and provides a useful planning tool for councils, government departments and businesses

*In many charts and explanations in this document a “net change” figure is given. This obtained by subtracting the percentage of respondents who give negative feedback from those who give positive feedback

The author of this document is available to assist with any questions or information. Please contact us at miles@enterprisenc.co.nz

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We would like to thank our ENC sponsors. Our sponsors support ENC's mission to assist businesses in the North Canterbury region to grow and thrive and to bring new investment into the area. The funding they provide assists us greatly in making North Canterbury a better place for business.

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