

# Business Opinion Survey

April 2022  
Research Results

# Key Messages

North Canterbury business confidence is holding up well, unlike wider New Zealand which has seen a large decrease in confidence over the last six months.

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Net 59% of businesses expect to increase their prices within the next six months, the highest proportion of businesses looking to increase prices since this survey began.

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Both global and local issues are impacting the cost of doing business in North Canterbury with net 80% of businesses reporting increased costs over the last six months – the highest increase since this survey began in 2013.

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Finding staff is proving more difficult than at any other time in the history of this survey (which began in 2013).

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Costs of doing business has impacted negatively on profitability. Despite growing sales levels, North Canterbury businesses are seeing decreasing profitability, but in line with net positive confidence are experiencing improvements in sales and profitability in coming months

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Businesses are investing in both building and plant/equipment, with the highest levels of investment that we have seen since 2014. This is particularly positive considering the subdued activity over the last 12-18 months.

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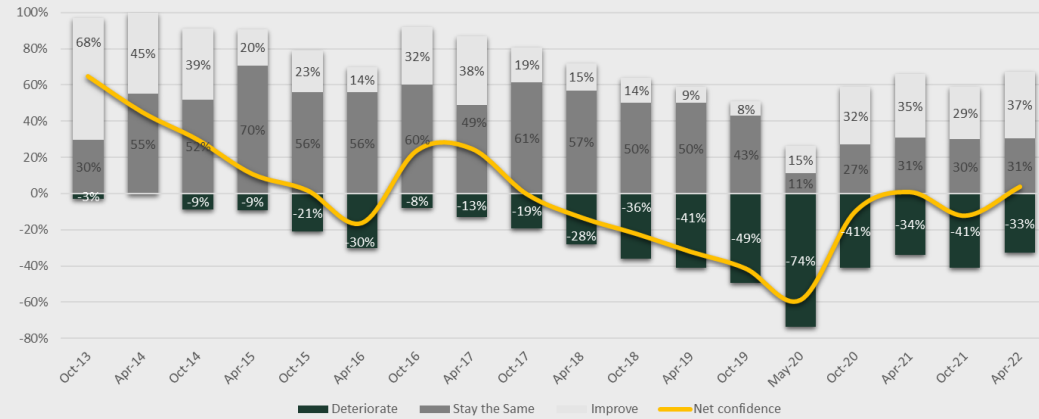
# Business Confidence

Confidence in the New Zealand business situation is slightly positive in North Canterbury, with a net +4% of businesses more optimistic than pessimistic. This is in contrast to other businesses across New Zealand where we have seen confidence decrease to net -33%. In North Canterbury, 37% of businesses expect the overall situation to improve over the next six months while 33% expect conditions to deteriorate.

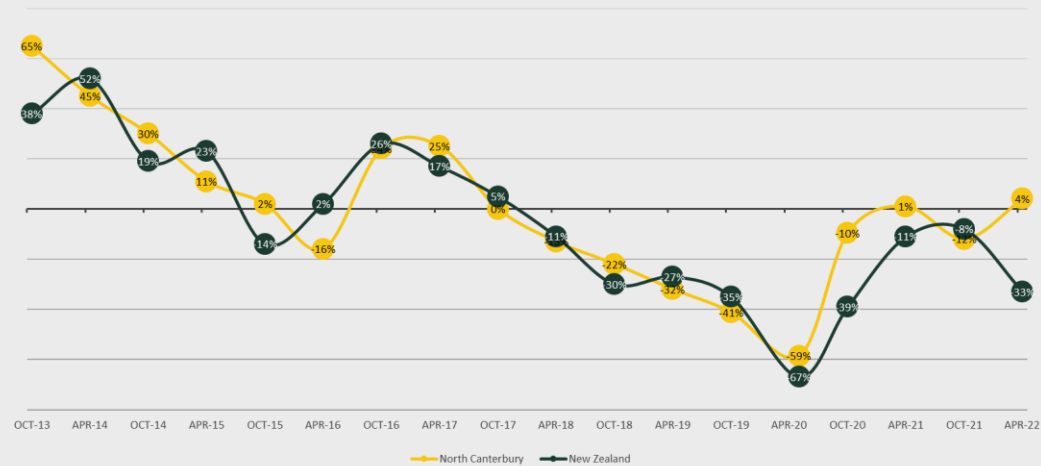
## Context:

North Canterbury results are usually broadly in line with the wider New Zealand confidence levels. For this survey North Canterbury has held up well while New Zealand has shown a significant drop in confidence levels. It is too early to see whether this will become a trend, but North Canterbury does have a lower reliance on international tourism and trade than other areas and this may be impacting our results.

## North Canterbury Business Confidence



## North Canterbury vs New Zealand



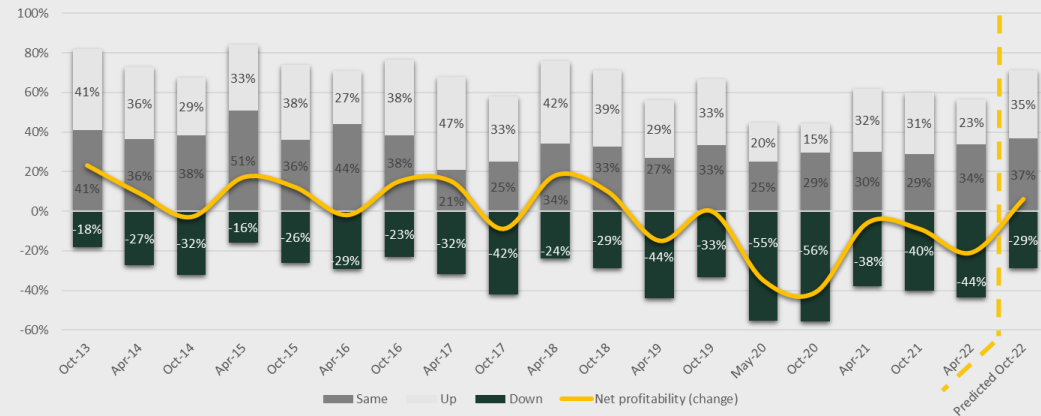
# Operations: Profitability

Profitability declined in North Canterbury at the beginning of 2022 despite sales levels holding. Net 21% of businesses in North Canterbury reported a decrease in profitability over the last six months as Omicron surged, but net 6% expect their profits to increase over the next six months.

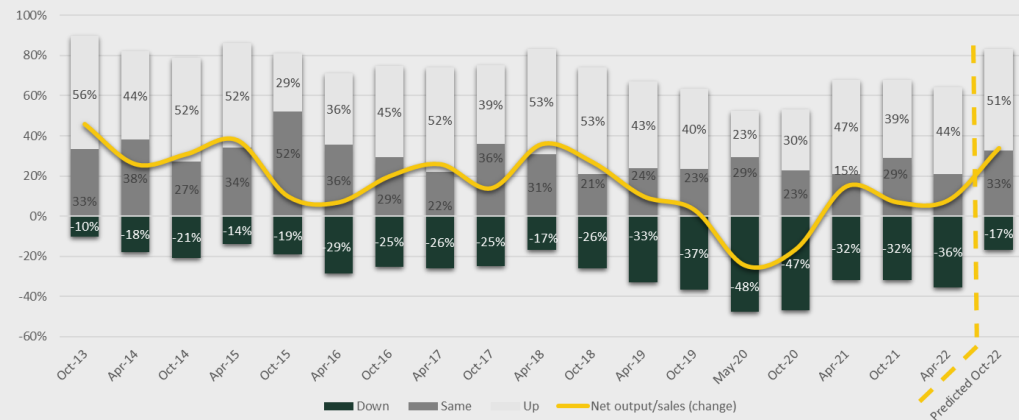
## Context:

Covid 19 restrictions have had an impact on output in the last 6 months with 25% of businesses reporting limited production capacity because of said restrictions. Labour availability was also a factor, with 16% of businesses reporting that production was limited due to the inability to source staff. Availability of materials was a concern for 12% of businesses surveyed. However, 10% of businesses reported that Covid-19 has resulted in major growth for their them and overall, output/sales has held over this period with expectations of a strong recovery consistent with business confidence.

## Profitability



## Outputs/Sales



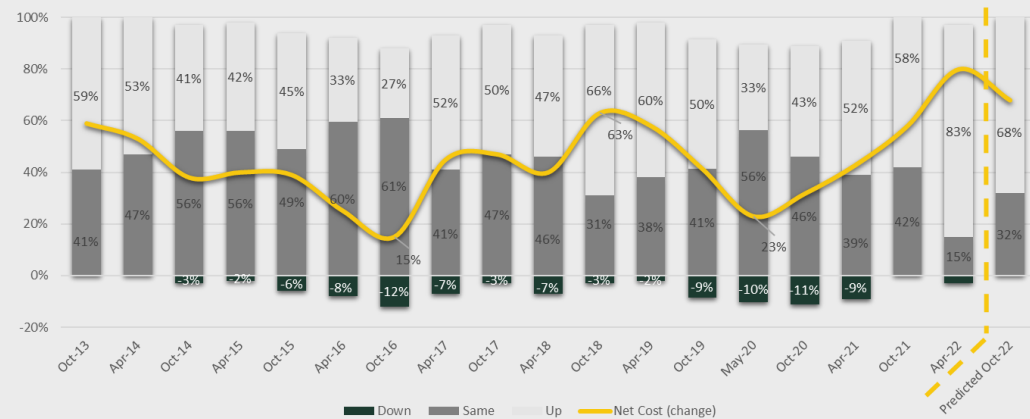
# Operations: Cost & Prices

The cost of doing business in North Canterbury has seen its highest increase since this survey began, with net 80% of businesses seeing their costs of doing business rise over the last six months. This is reflected in selling prices where net 44% of businesses have raised their prices over the last six months and net 59% of businesses expect to raise their prices over the next six months.

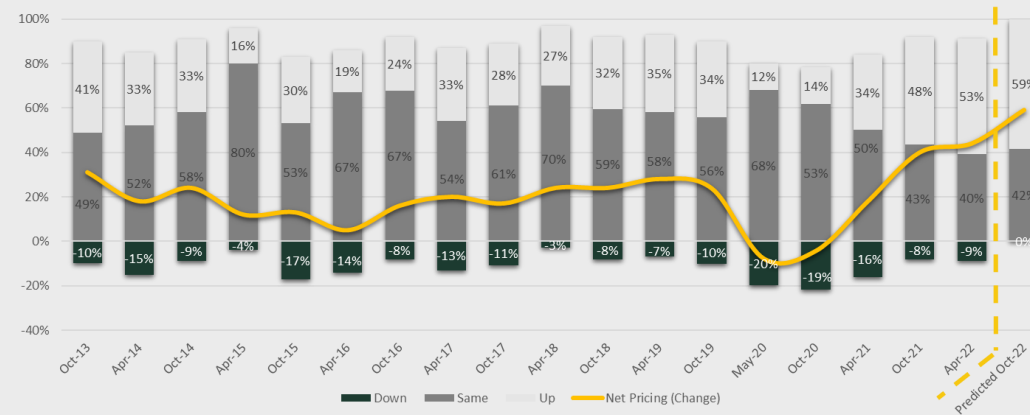
## Context:

Rising costs of doing business are currently a worldwide issue caused by a mix of global and local influences, such as rising inflation, war in Ukraine, supply chain bottlenecks, shipping costs, increasing oil prices, rising wages, climate impact, and worldwide labour shortages.

## Cost of doing business



## Selling Prices



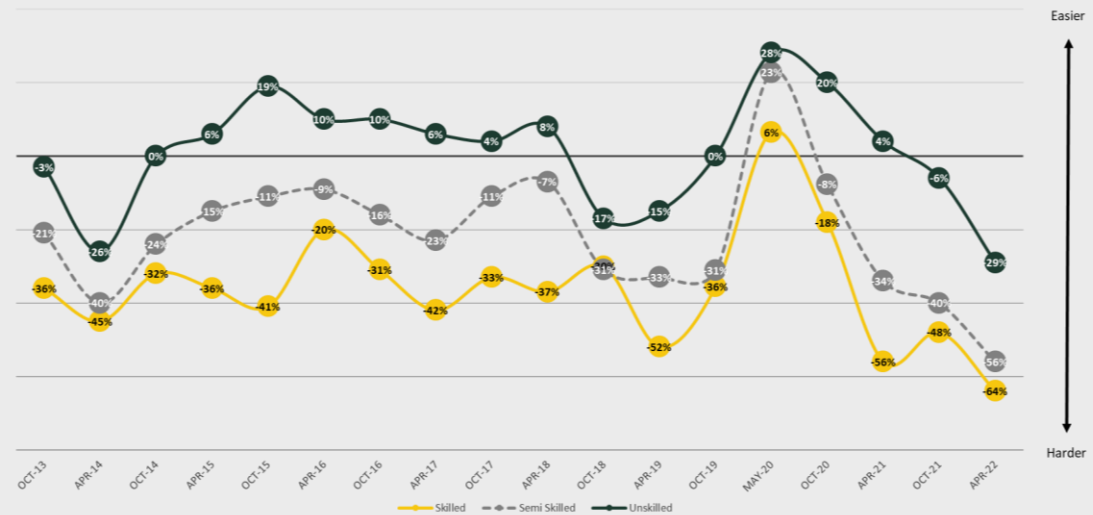
# Employment Trends

Businesses report that it is currently the hardest it has been to find staff since this survey began in 2013. Net 64% of businesses report that it is harder to find skilled staff than six months ago and net 29% of businesses report it is harder to find unskilled staff. The main reason stated for difficulty in finding suitable staff is simply that there is a supply shortage of suitable applicants. This is followed by a lack of training amongst applicants and the current immigration policy settings.

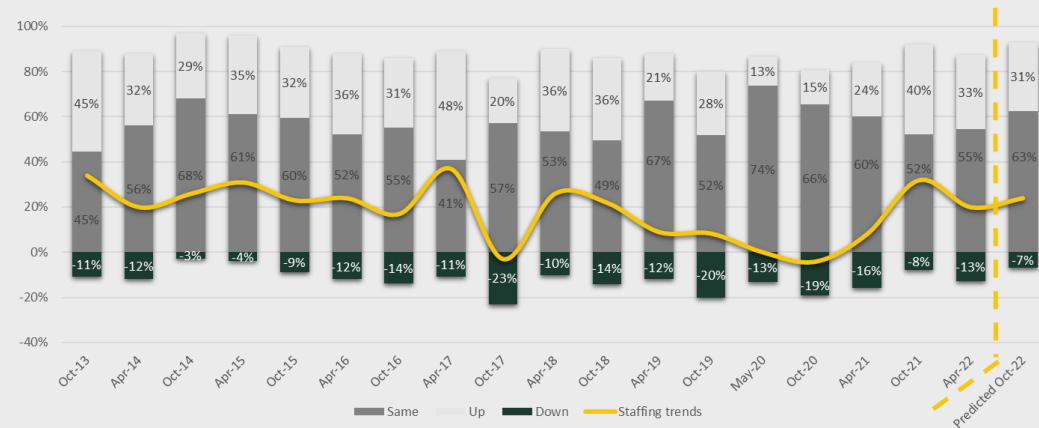
Despite these difficulties, the number of people employed in North Canterbury continues to grow and net 20% of employers reported an increase in staff numbers.

Employers report that the most effective methods of finding staff are word of mouth (25%) and internet advertising (25%).

## Finding Staff



## Employment Trends in North Canterbury

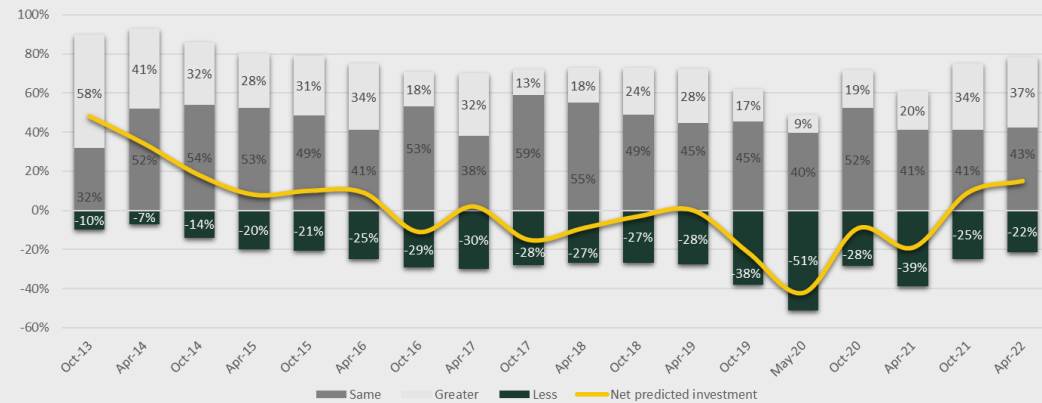


# Investment

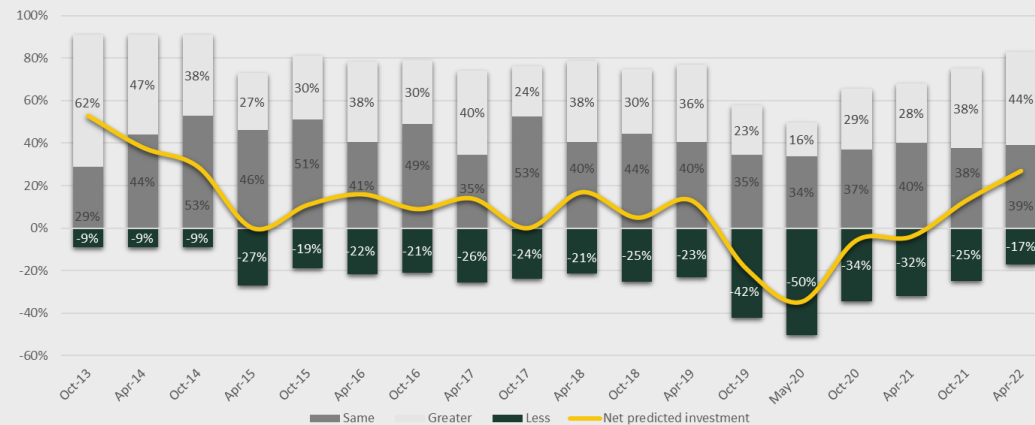
Despite the difficulties listed elsewhere in this document, businesses seem to be investing more heavily in their businesses than at any time since 2014. Net 15% of businesses reported that they will be increasing their spending on buildings in the next six months, and net 27% of businesses reported that they will be increasing their spend on plant and equipment.

There are encouraging signs of investment in productive capacity as non-residential construction in the district has been subdued in the last 12-18 months.

## Predicted investment in buildings



## Predicted investment in plant/equipment



# Who completed the survey?

The North Canterbury Business Opinion Survey is administered online every six 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.

- 49 businesses responded to this survey out of 147 invited: a return rate of 34%.
- 35 respondents were from Waimakariri, 10 were from Hurunui and four considered that they are based equally in both districts.

## Industry

<b>Manufacturing</b>	<b>7</b>
<b>Property and Business Services (inc property development)</b>	<b>6</b>
<b>Education, Health and Community Services</b>	<b>6</b>
<b>Retail Trade</b>	<b>5</b>
<b>Construction</b>	<b>4</b>
<b>Communication Services</b>	<b>4</b>
<b>Accommodation, Cafes and Restaurants</b>	<b>4</b>
<b>Other</b>	<b>3</b>
<b>Adventure, Tourism/Outdoor Pursuits</b>	<b>2</b>
<b>Finance and Insurance Services</b>	<b>2</b>
<b>Agriculture</b>	<b>2</b>
<b>Viticulture</b>	<b>1</b>
<b>Government, Administration and Defence</b>	<b>1</b>
<b>Wholesale Trade</b>	<b>1</b>
<b>Forestry, Fishing and Mining</b>	<b>1</b>

## Number of Employees

<b>0-20</b>	<b>42</b>
<b>101-200</b>	<b>1</b>
<b>201-500</b>	<b>1</b>
<b>21-50</b>	<b>3</b>
<b>51-100</b>	<b>2</b>



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