

# Business Opinion Survey

October 2022  
Research Results

# Key Messages

North Canterbury businesses are feeling the pressure of growing inflation. This is only partially reflected in selling prices indicating that businesses are wearing a lot of this cost to keep their prices competitive. As a result, businesses are seeing decreasing profit levels.

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Confidence in the national business situation remains low with net -12% optimism in North Canterbury. This compares well to the net -42% optimism for New Zealand and reflects the strength and diversity of the North Canterbury economy.

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There continues to be pressure from every direction for local businesses, with increasing production costs, increasing staff costs, difficulty finding staff and difficulty in managing a high level of illness with employees.

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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). Businesses report that this is mainly because there are simply not enough people available to work, although immigration settings and higher minimum wage levels are also noted as reasons for being unable to find staff.

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Investment levels continue to grow, but not as fast as in 2021.

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The cost of doing business in North Canterbury continues to show record increases, with net 80% of businesses seeing their costs of doing business rise over the last six months and net 80% seeing rises in the six months before that

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# Business Confidence

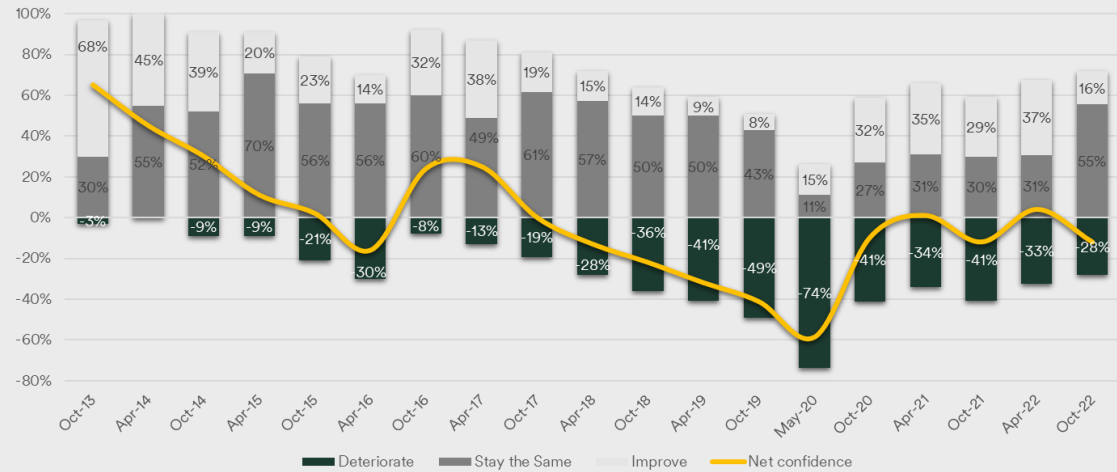
Confidence in the New Zealand business situation has dipped in North Canterbury, with a net -12% of businesses more optimistic than pessimistic. This contrasts with other businesses across New Zealand where we have seen confidence decrease to net -42%.

## Context:

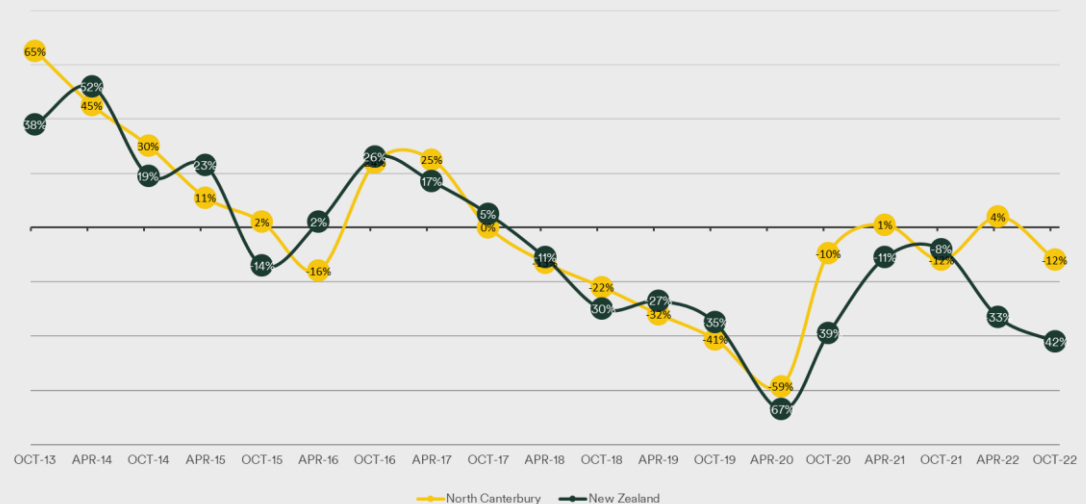
North Canterbury results have historically been in line with New Zealand-wide results, but the last two surveys have shown us to have much more confidence in the national business situation compared to New Zealand businesses overall.

Much of the current situation is due to the ongoing impacts of the Covid pandemic. Whilst New Zealand has been somewhat cushioned by international pressures, North Canterbury has been further cushioned due to our diversity of sectors, the strength of our agriculture and construction sectors and our lower reliance on international tourism.

## North Canterbury Business Confidence



## North Canterbury vs New Zealand



# Operations: Profitability

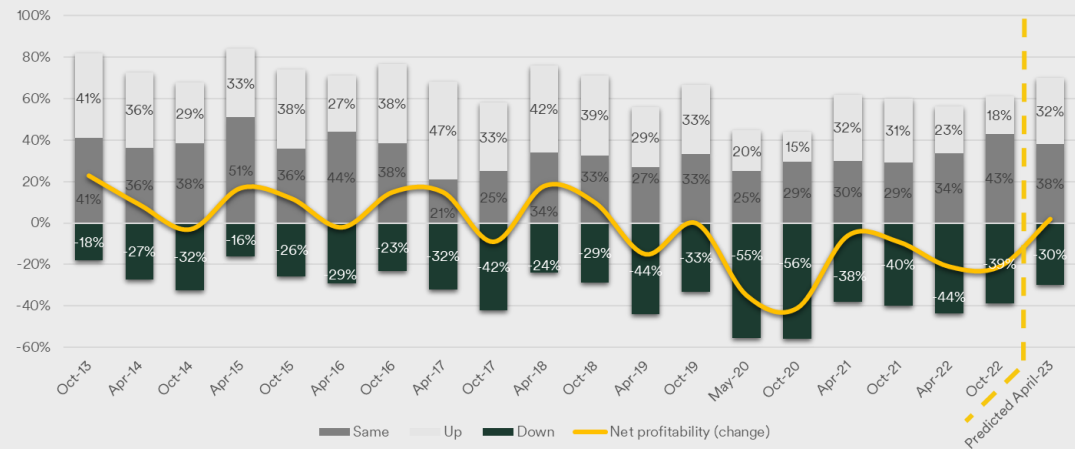
Profitability continued to decline in North Canterbury at the beginning of 2022 despite sales levels growing. Net 21% of businesses in North Canterbury reported a decrease in profitability over the last six months. 32% of businesses expect profits to grow over the next six months, but 30% expect profits to decrease.

## Context:

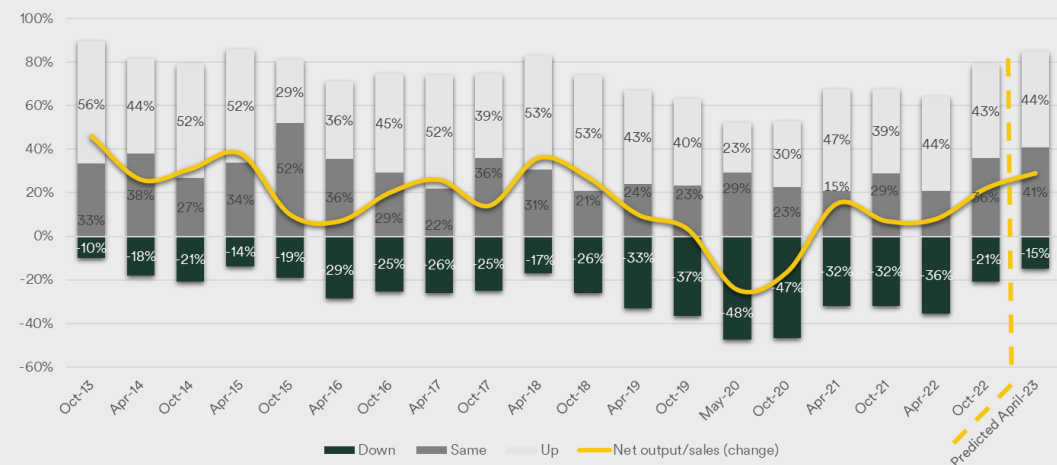
There continues to be pressure from every direction for local businesses, with increasing production costs, increasing staff costs, difficulty finding staff and difficulty in managing a high level of illness with employees.

Sales have increased overall but increasing pressures has meant that this has not been reflected in profitability which continues to decline.

## Profitability



## Outputs/Sales



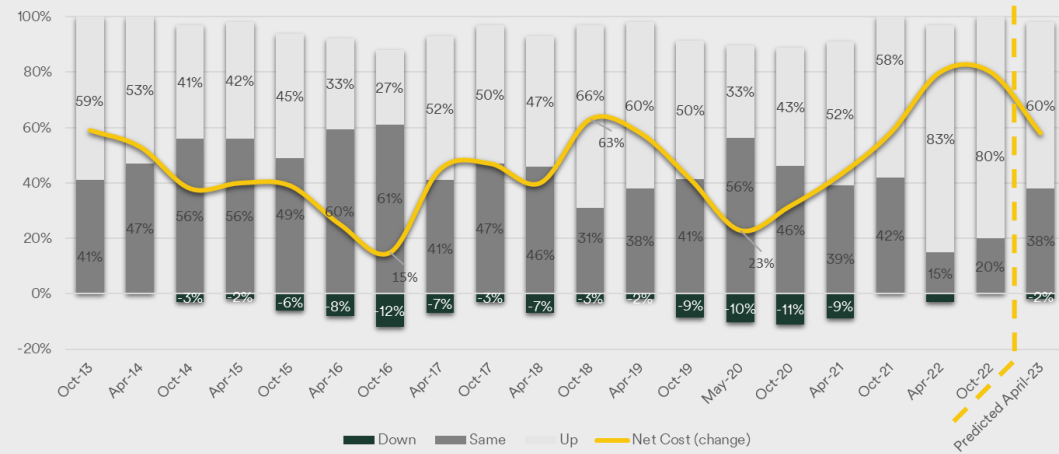
# Operations: Cost & Prices

The cost of doing business in North Canterbury continues to show record increases, with net 80% of businesses seeing their costs of doing business rise over the last six months and net 80% seeing rises in the six months before that. This is reflected at the till where the majority of businesses continue to raise their selling prices.

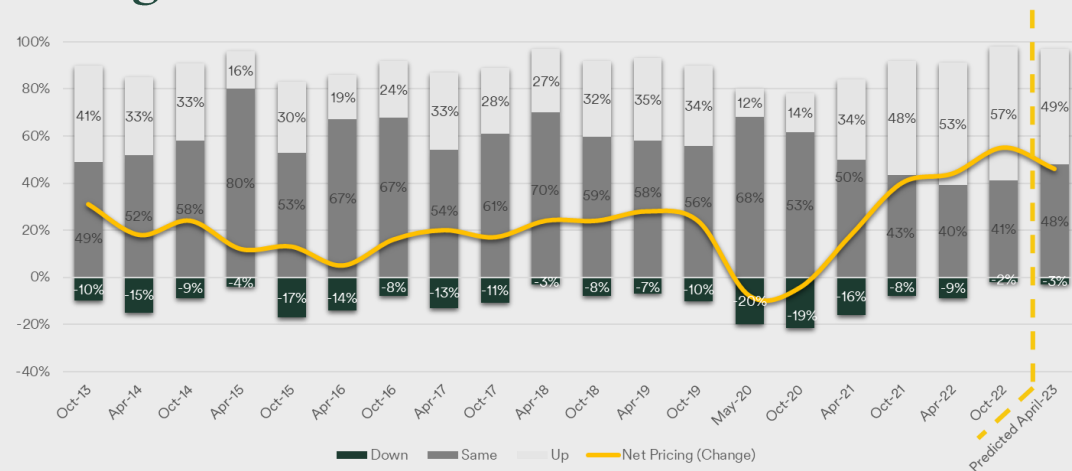
## Context:

North Canterbury businesses are feeling the pressure of growing inflation. This is only partially reflected in selling prices, indicating that businesses are wearing a lot of this cost in order to keep their prices competitive. As a result businesses are seeing decreasing profit levels (as per page 4)

## Cost of doing business



## Selling Prices



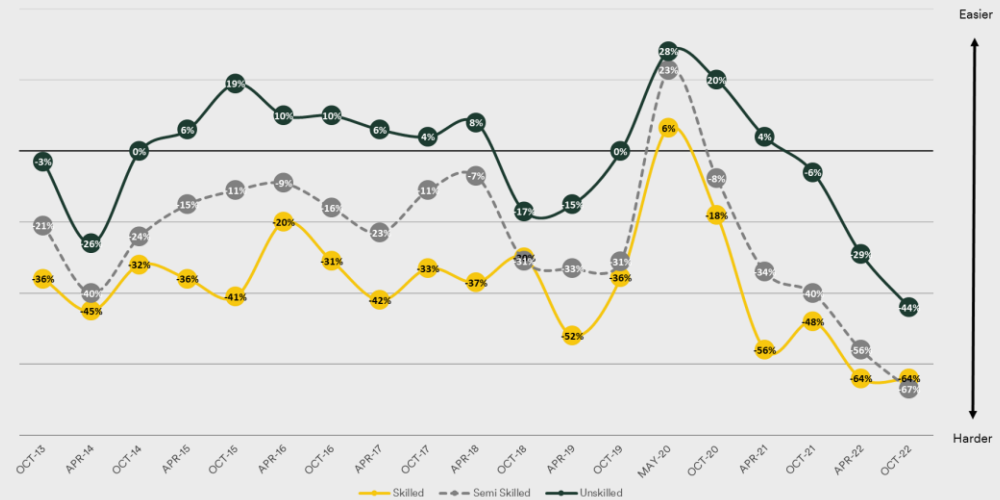
# Employment Trends

It is more difficult to find staff in North Canterbury than at any other time 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 44% 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. These reasons are followed by the current immigration policy settings and the wage rates that new staff are now expecting being unaffordable for employers.

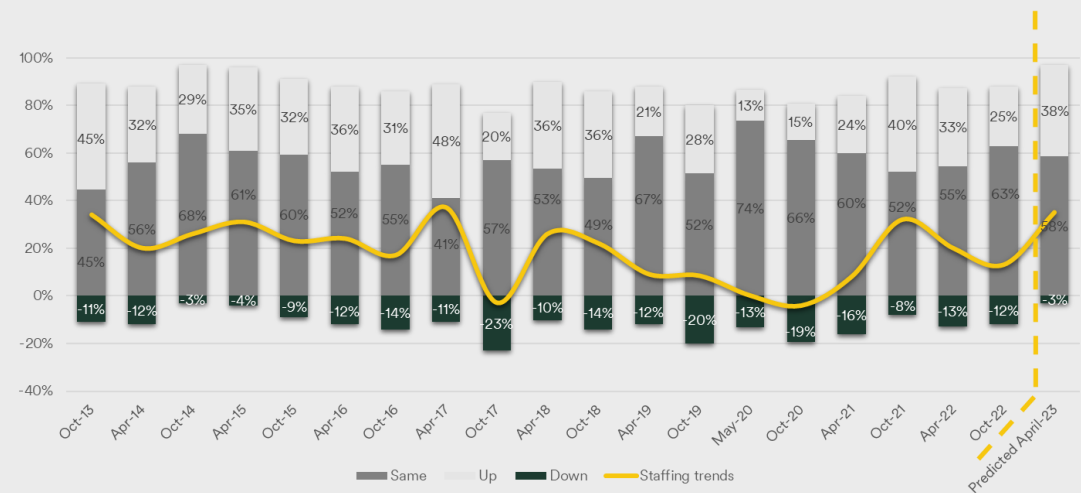
Despite these difficulties, the number of people employed in North Canterbury continues to grow and net 13% of employers reported an increase in staff numbers.

Employers report that the most effective methods of finding staff are word of mouth (26%) and internet advertising (14%).

## Finding Staff



## Employment Trends in North Canterbury



# Investment

The growth in business investment has slowed over the last six months with a minimum overall growth in investment for buildings (net 5% growth) and a stabilising in growth in plant/equipment investment from previous high levels (down from net 27% growth to net 0% growth).

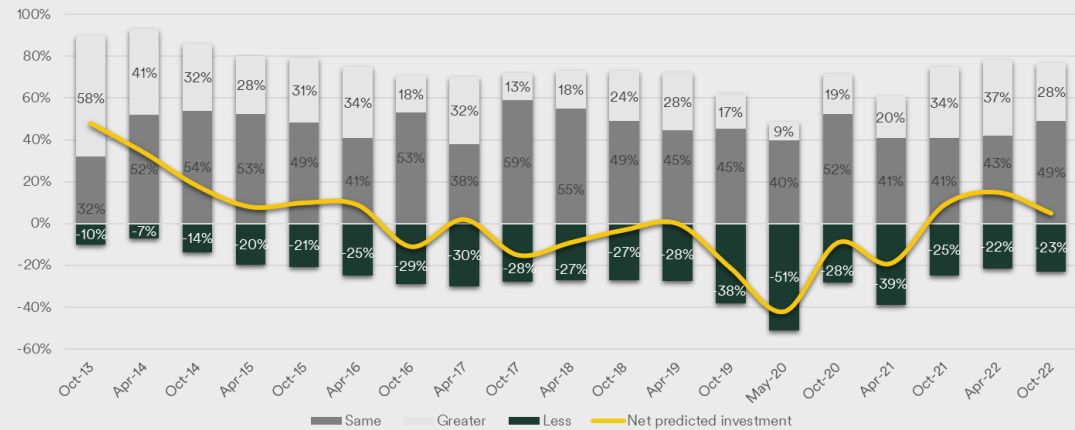
## Context:

This reflects what we have been told from local developers and investors where, for the most part, they are hesitant to invest money in new projects until the economy has settled somewhat.

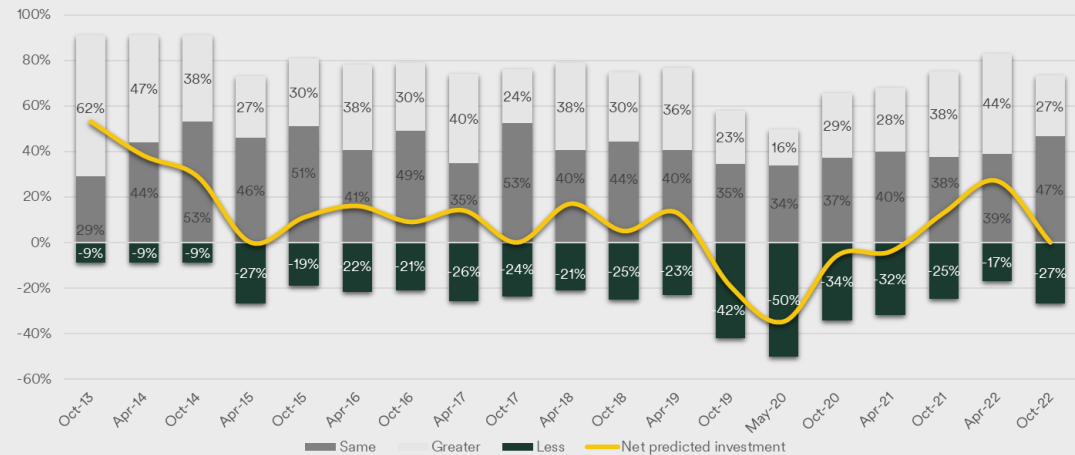
The settling of investment levels in plant and equipment is a result of higher prices, less discretionary funds and more difficulty in getting equipment from overseas.

Anecdotally the difficulties of sourcing equipment that we have seen over the last six months is easing, but prices of equipment and shipping remain prohibitively high.

## 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.

- 67 businesses responded to this survey out of 205 invited: a return rate of 33%.
- 44 respondents were from Waimakariri, 19 were from Hurunui and four considered that they are based equally in both districts.

## Industry

<b>Manufacturing</b>	10
<b>Education, Health and Community Services</b>	10
<b>Property and Business Services (including property development)</b>	8
<b>Construction</b>	8
<b>Accommodation, Cafes and Restaurants</b>	6
<b>Retail Trade</b>	5
<b>Adventure, Tourism/Outdoor Pursuits</b>	4
<b>Agriculture</b>	4
<b>Other</b>	3
<b>Finance and Insurance Services</b>	3
<b>Communication Services</b>	2
<b>Viticulture</b>	2
<b>Horticulture</b>	2
<b>Wholesale Trade</b>	1

## Number of Employees

<b>0-20</b>	54
<b>21-50</b>	8
<b>51-100</b>	3
<b>101-200</b>	1
<b>201-500</b>	1



# Enterprise North Canterbury Sponsors

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. We encourage you to use our sponsors' services.

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