

Business Opinion Survey

April 2023
Research Results

Key Messages

North Canterbury confidence in the New Zealand economy is now more in line with New Zealand business confidence overall. After a drop of 40%, North Canterbury Business Confidence is at a non-lockdown low of -52% net confidence. New Zealand is at -61% net confidence.

Whilst confidence in the New Zealand economy is low, businesses still retain a level of positivity about their own business prospects. Net 11% of North Canterbury businesses expect their situation to improve over the next six months.

Businesses are seeing increased sales (net +22%), but this is being offset by higher costs of doing business (net +85%).

Businesses are putting up their prices because of this (net +47%) but despite that their profits are continuing to drop (net -28% profitability).

Employing unskilled staff is easier than six months ago. It is still difficult to employ skilled and semi-skilled staff, but overall, the pressure appears to be beginning to ease.

Word-of-mouth is no longer the most effective way to source staff in North Canterbury. Internet advertising (51% effectiveness) is now the best method, followed by using government departments (40%), word-of-mouth (30%) and immigration/skills hub (30%).

Investment in buildings, plant and equipment are slowing down as businesses prepare for an uncertain period.

Business Confidence

Confidence in the New Zealand business situation has dropped 40% for North Canterbury businesses to net -52%.

60% of businesses expect the overall situation to deteriorate over the next six months while only 8% of businesses expect the situation to improve.

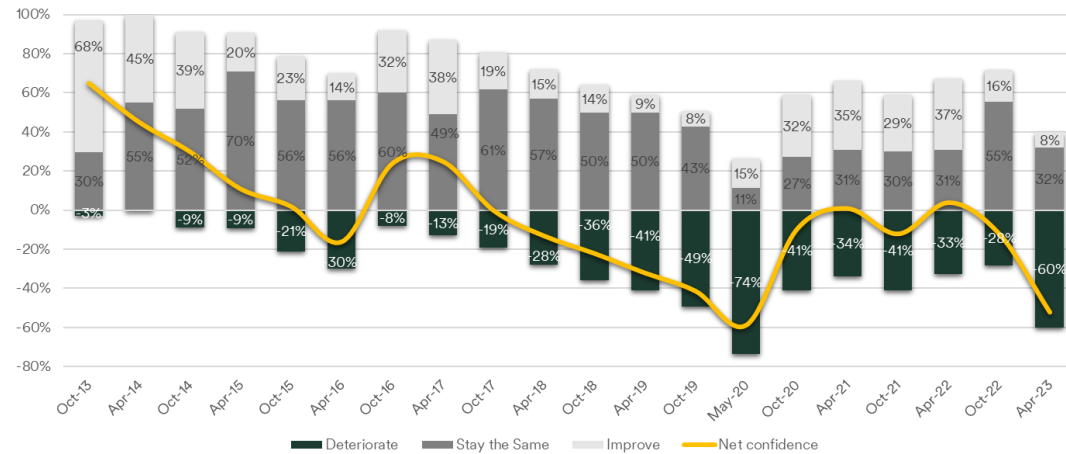
Context:

This survey brings us closer into line with the sentiment of business owners across New Zealand.

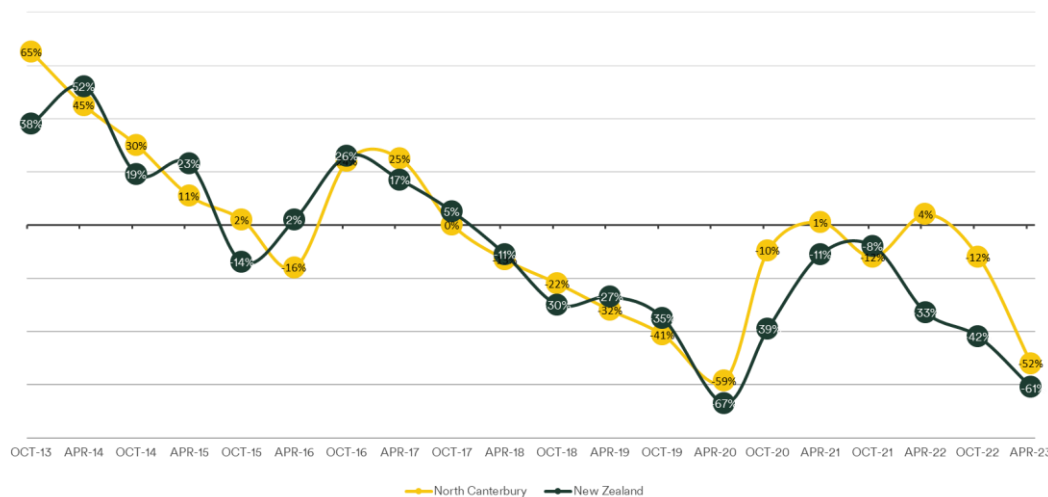
Sentiment is better for North Canterbury businesses the closer the survey is to home with businesses having -23% net confidence for their district, -20% net confidence for their industry and +11% net confidence for their business.

Anecdotally, businesses are expecting a difficult economy for the next two years.

North Canterbury Business Confidence



North Canterbury vs New Zealand



Operations: Profitability

Profitability continues to decline in North Canterbury despite increasing sales. 45% of businesses in North Canterbury reported a decrease in profitability over the last six months while only 17% saw profits increase.

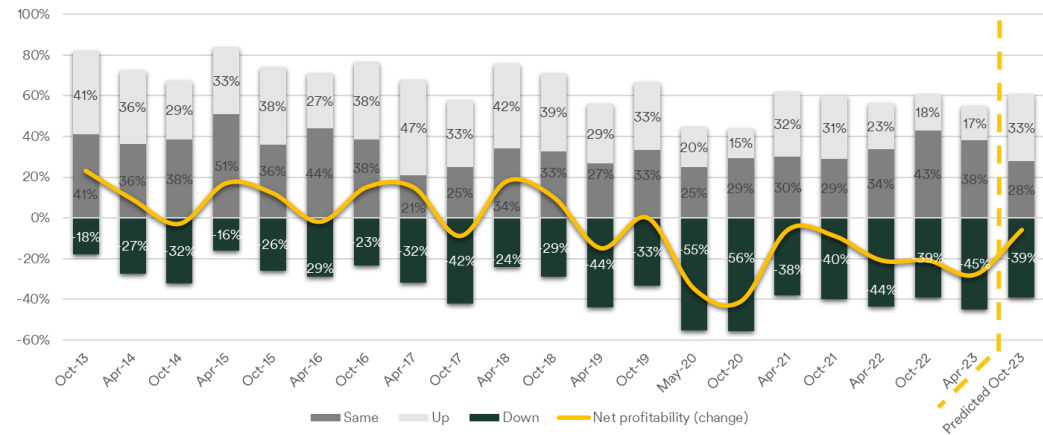
Projections are better for the next six months while still being negative overall with net 6% of businesses expecting profits to continue falling.

Context:

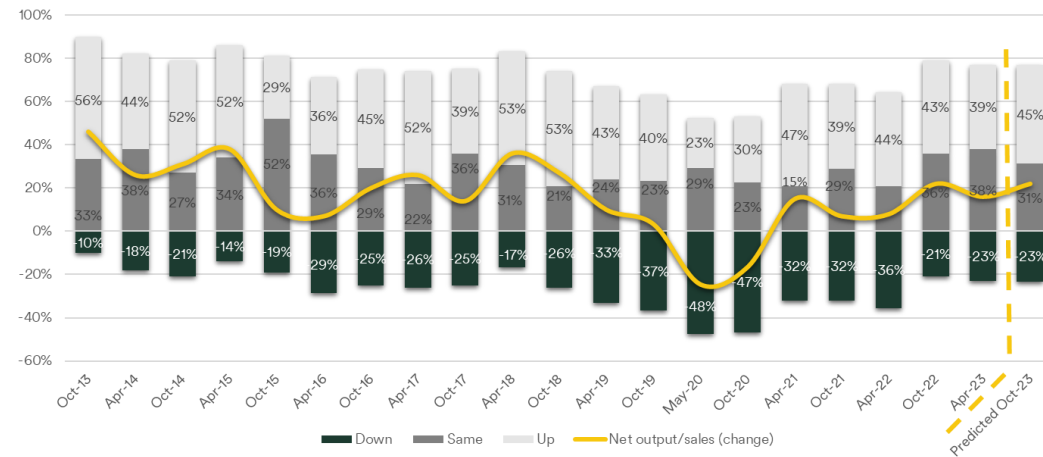
The largest impact on profit currently is the cost of doing business. Sales continue to grow, but 87% of businesses report that the costs to them to provide their goods or services continue to increase. Costs have been growing at a fast pace since April 2021.

69% of businesses expect that costs will continue to increase over the next six months.

Profitability



Outputs/Sales



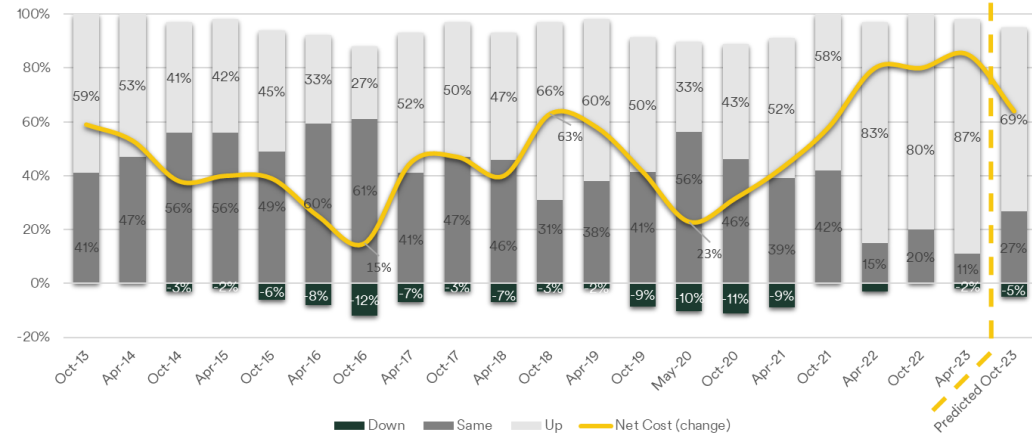
Operations: Cost & Prices

The cost of doing business in North Canterbury has seen its highest increase since this survey began, with 87% of businesses seeing their costs of doing business rise over the last six months. This is reflected in selling prices where 52% of businesses have raised their prices over the last six months and 55% of businesses expect to raise their prices over the next six months.

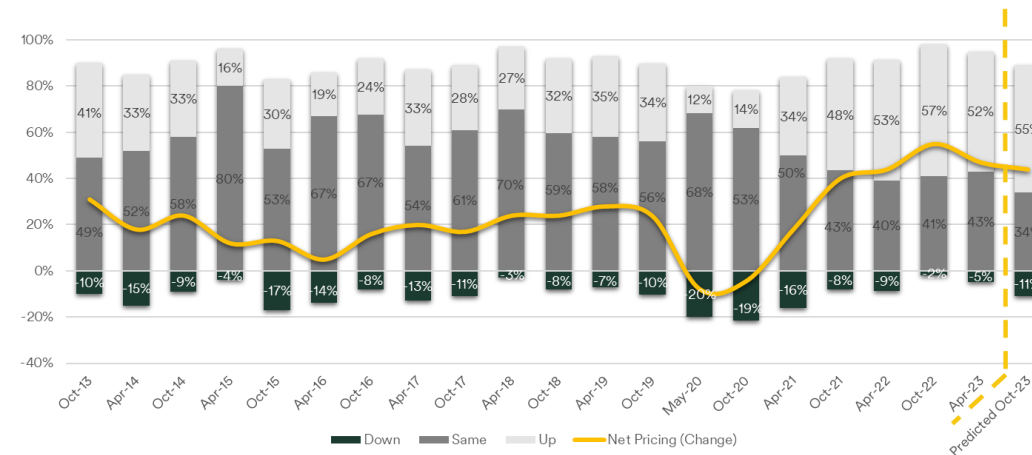
Context:

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

Whilst still difficult to find staff overall, net 5% of businesses reported that it is now easier to find unskilled staff than six months ago.

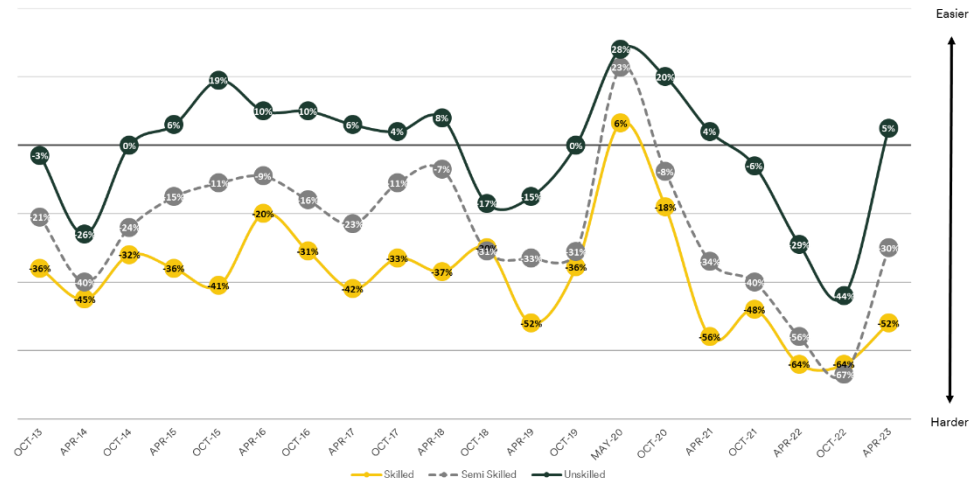
Semi-skilled and skilled staff remain difficult to source, but fewer businesses reported difficulty than six months ago.

Despite the economic difficulties shown on previous pages, the number of people employed in North Canterbury continues to grow and net 35% of employers reported an increase in staff numbers.

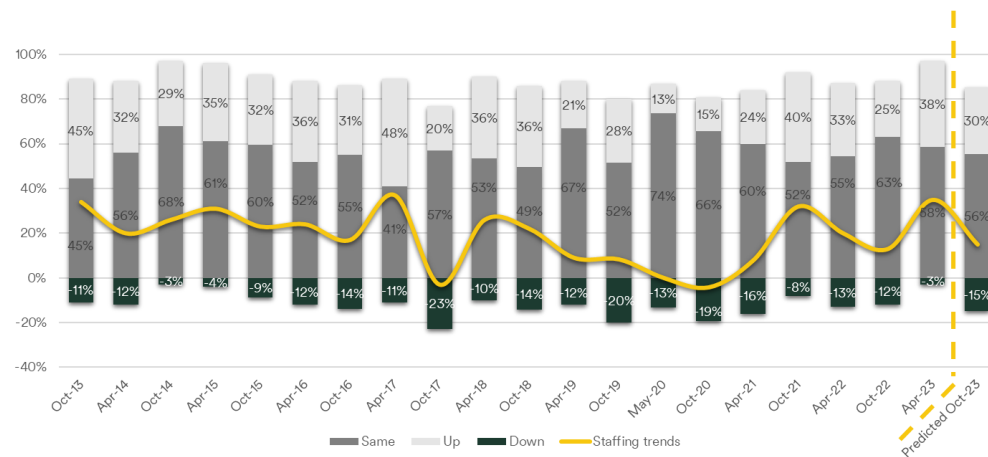
Employers report that the most used methods of finding staff are internet advertising (74%) and word-of-mouth (63%).

We ranked how successful each method is for sourcing staff and found the most successful methods are internet advertising (51% effectiveness), government department (40%) word-of-mouth (30%), immigration/skills hub (30%) and recruitment companies (27%).

Finding Staff



Employment Trends in North Canterbury



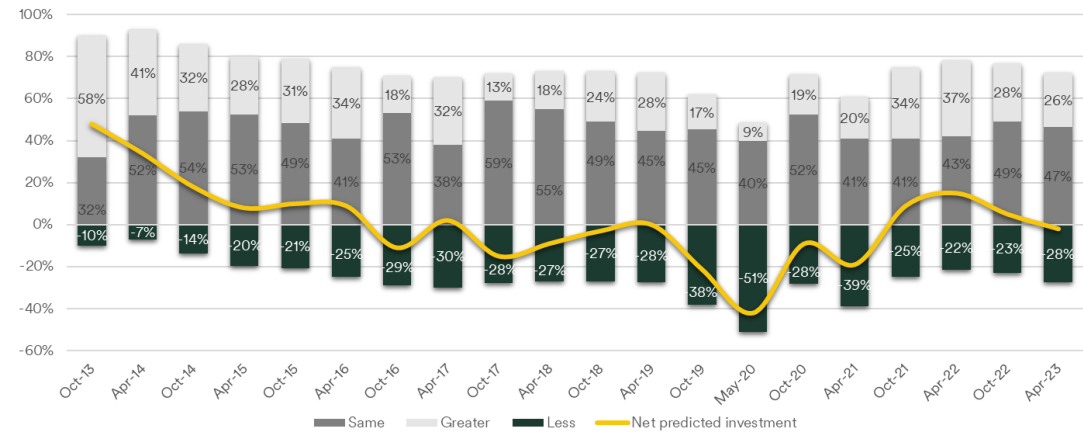
Investment

Investment in buildings and plant/equipment are both slowing as interest rate rises and worries about the economy start to impact.

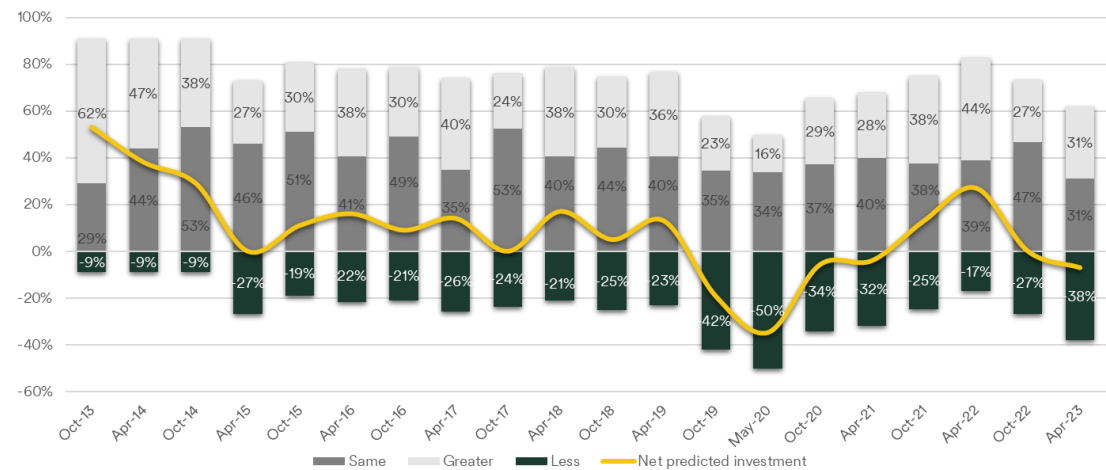
Whilst building investment is at net -2%, we are still seeing 26% of businesses planning to increase investment in buildings and 31% planning to increase their investment in plant/equipment. This is offset by a high number of businesses planning to decrease investment.

Businesses we spoke to report that they are holding off on investment as they feel we are facing an uncertain period.

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.

- 64 businesses responded to this survey out of 164 invited: a return rate of 39%.
- 50 respondents were from Waimakariri, 13 were from Hurunui and one considered that they are based equally in both districts.

Industry

Construction	10
Accommodation, Cafes and Restaurants	9
Agriculture and Horticulture	7
Retail Trade	7
Education, Health and Community Services	6
Manufacturing	6
Other	5
Adventure, Tourism/Outdoor Pursuits	4
Property and Business Services (inc property development)	3
Communication Services	2
Finance and Insurance Services	2
Wholesale Trade	2
Electricity, Gas and Water	1

Number of Employees

0-20	51
21-50	8
51-100	3
101-200	1
201-500	1

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