

Business Opinion Survey

Key Messages

Businesses in North Canterbury are generally positive about their own prospects with 49% of local businesses expecting their business to grow and 42% expecting their business to remain stable over the next six months. 9% of businesses expect a decline for their business over the next six months. (Net 40% confidence)

Business owners are less positive about the business situation in New Zealand with 36% expecting a decline in the next six months and 32% expecting an improvement. (Net -4% confidence)

Business Owners are finding it easier to find unskilled and semi-skilled staff. Skilled staff remain difficult to source.

Profitability for North Canterbury businesses continues to decrease with only 13% reporting an increase in profits over the last year and 55% of businesses reporting lower profits, (Net -42% profitability)

57% of businesses reporting that the single most limiting factor for them is the cost of doing business. This has increased dramatically from 5% at the previous survey in October.

Staff turnover in North Canterbury is low with an average of 9.5% reported by businesses in the survey. Businesses are taking fewer people on though, with only 6% of businesses reporting an increase in staffing numbers.

Businesses are investing less. While 19% of businesses anticipated an increase in spending on plant and machinery, 47% are anticipating a lower level of spending (Net -28%). It is a similar story on investment in buildings with an overall result of net -32%.

Business Confidence

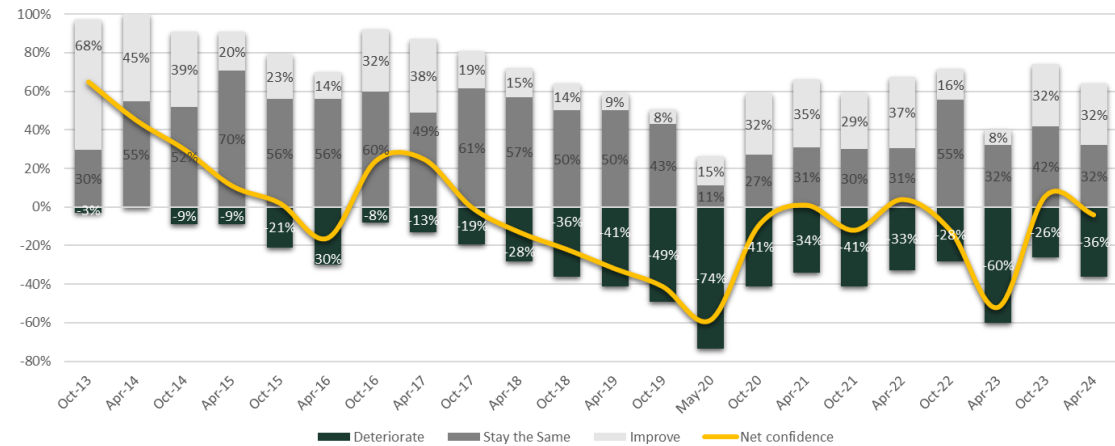
Confidence in the New Zealand business situation has reduced slightly to net -4% with very similar numbers of people thinking the national business situation will improve compared to those who think it will decline and those who think it will not change. North Canterbury continues to be more confident than businesses across New Zealand, but the gap is narrowing.

Context:

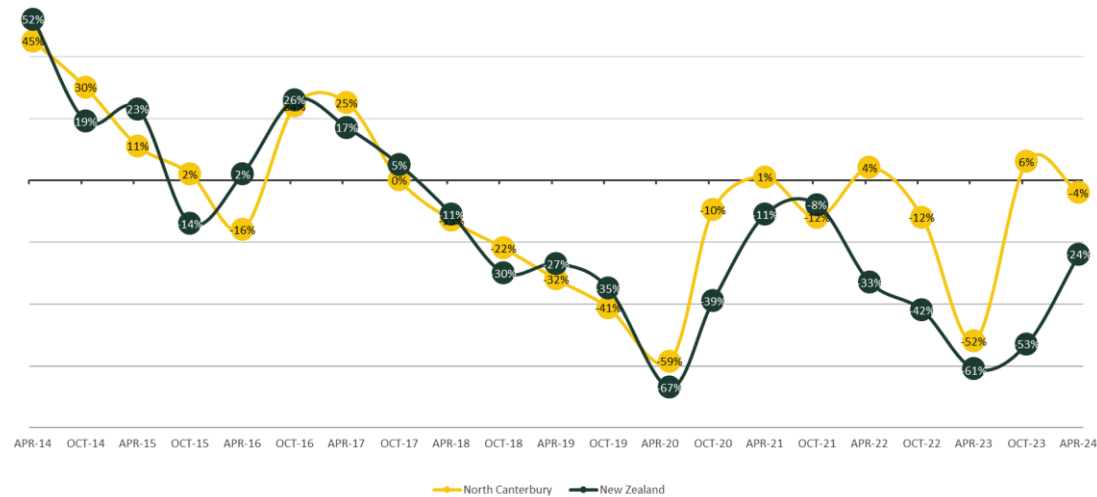
Although the consensus on the national position is slightly negative, business owners tend to stay positive about their own business prospects with 49% of business owners expecting their business position to improve over the next six months and 9% of people expecting their situation to worsen (net +40%).

They are also positive about the prospects in their district (net +11%) and neutral about the position of their industry (net +2%).

North Canterbury Business Confidence



North Canterbury vs New Zealand



Operations: Profitability

Profitability continues to decline in North Canterbury. 55% of businesses in North Canterbury reported a decrease in profitability over the last six months while only 13% saw profits increase. This gives us a net result of -42%, the lowest result we have seen since this survey started in 2013.

Context:

We are seeing a confluence of negative results with higher business costs and static sales levels. Sales prices are rising but are not at the same level as the increase in business costs. All of this adds up to decreasing profitability and difficult times for the North Canterbury business community.

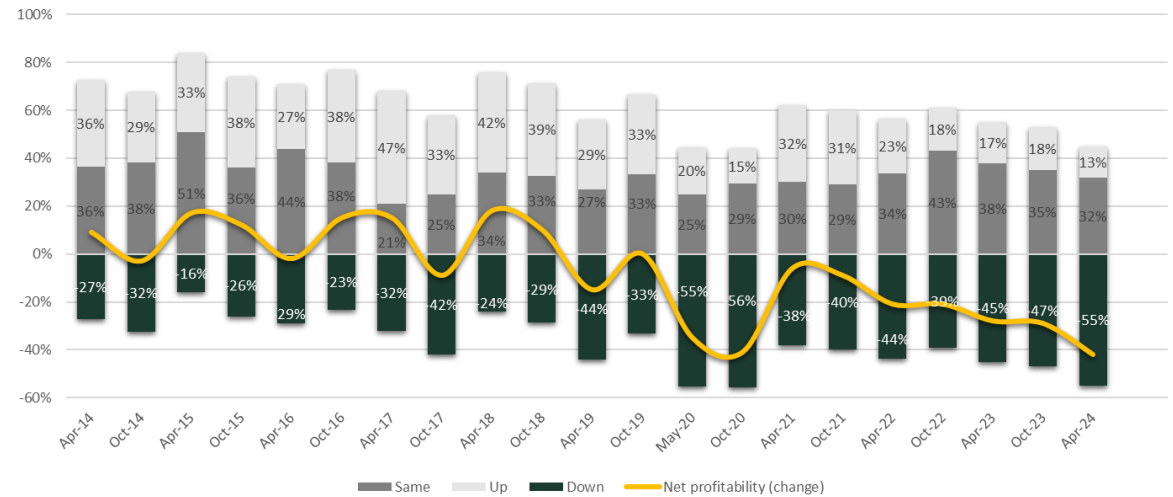
This is reflected in employment trends showing that a greater number of businesses are now reducing staff numbers than those that are increasing staff numbers.

Anecdotally, we have been talking with many businesses that are finding their cashflow very tight and are waiting for the cost-of-living crisis to dissipate.

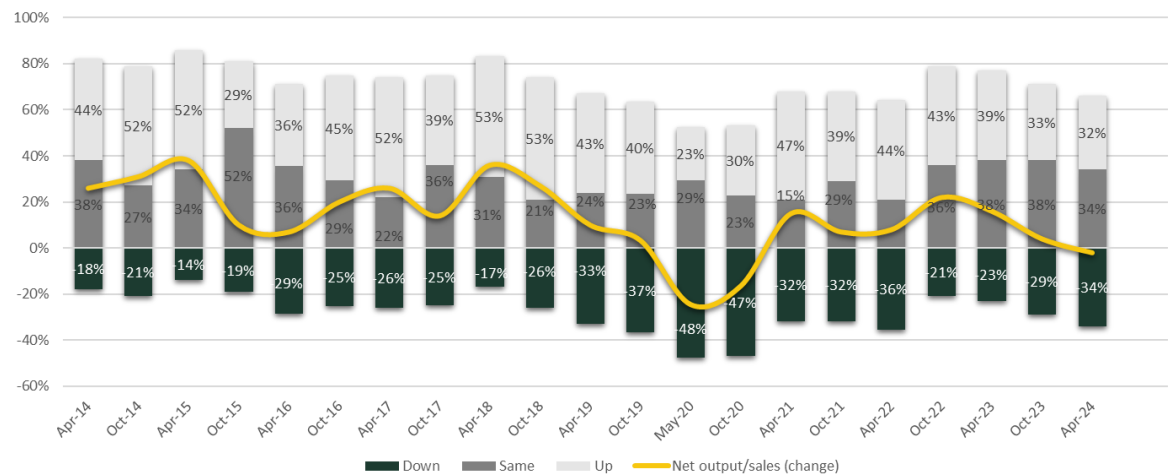
Survey Feedback

“We have noticed a tightening of the belt this year and customers are really thinking about items hard before they buy it.”

Profitability



Outputs/Sales



Operations: Cost & Prices

More businesses are reporting an increase in the cost of doing business than at any time since this survey started in 2013 with 92% of businesses reporting increased costs and only 4% reporting lower costs (net 88%). Fewer businesses are raising their selling prices with 34% of businesses reporting that they put their prices up while 11% reported lowering their prices (net 23%).

Context:

Retailers report that the cost-of-living crisis is showing now in consumers being much more careful about where and when they spend their money. The sales of discretionary purchases has decreased, and people are holding back on the purchases of larger items.

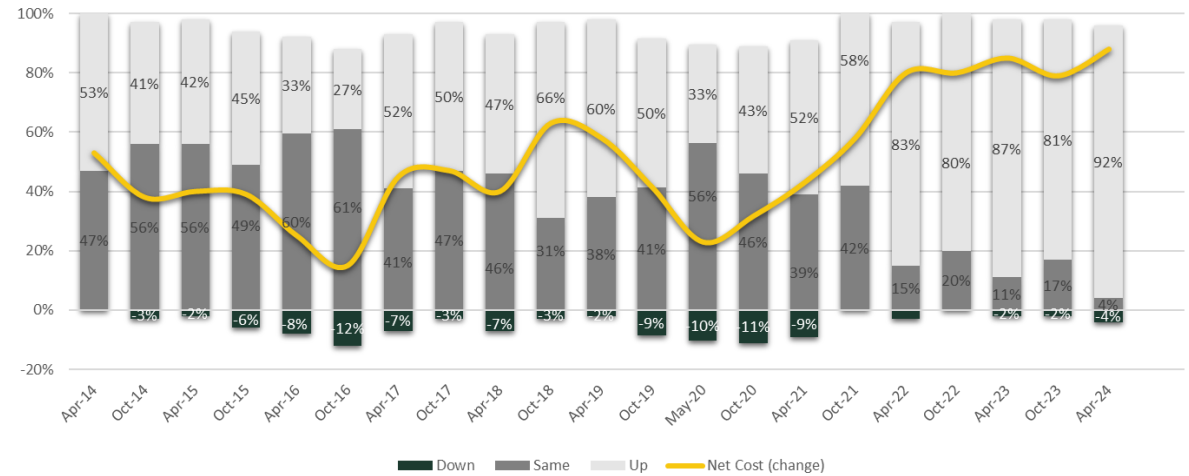
High interest rates are also making things difficult as many businesses renegotiate borrowing.

Survey Feedback

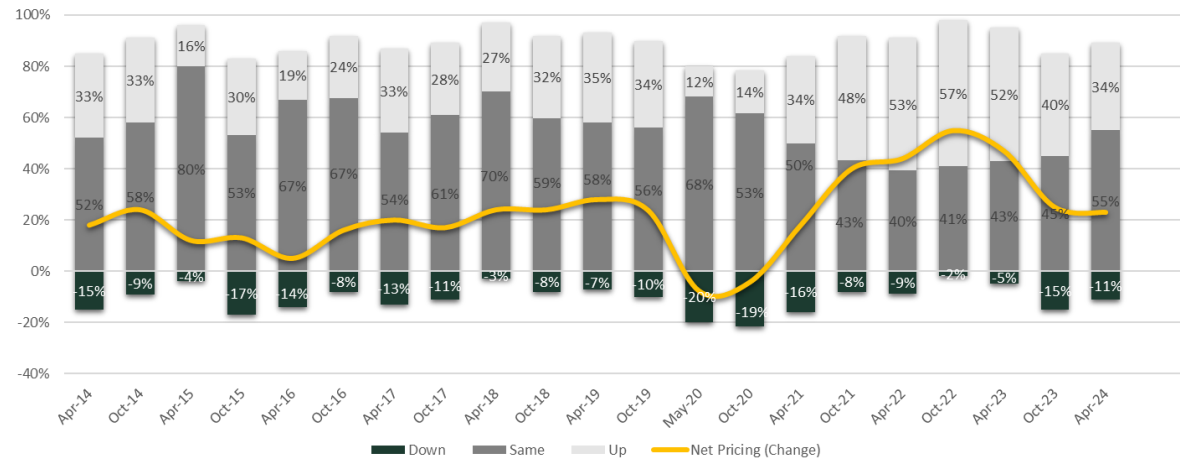
“It is tough for our customers, and we are doing the best we can to keep costs down but it is difficult with increases in materials costs”.

“Some of our input costs are dropping, eg fertiliser, and others should drop, eg interest rates”.

Cost of Doing Business



Selling Prices



Employment Trends

Staffing numbers are dropping in North Canterbury with net 14% of employers confirming a decrease in their levels of staffing. 6% of businesses increased their staffing levels, 20% dropped and 73% of businesses are holding stable.

50% of employers said that it is now easier to source unskilled staff compared to 8% who were finding it harder (net +42%). 19% of employers reported that it is now easier to source semi-skilled staff compared to 13% who were finding it harder (net +6%)

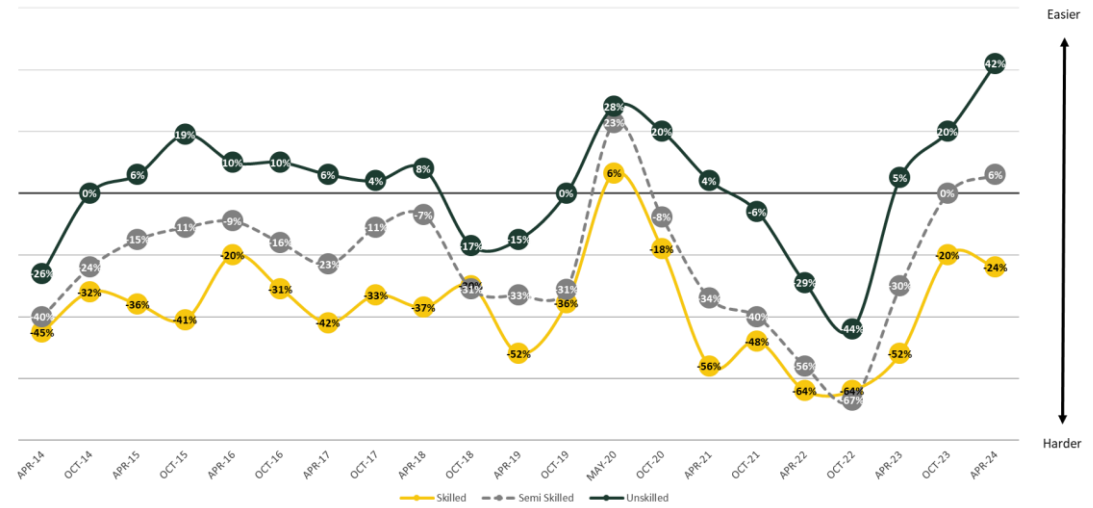
Employers are still finding it harder to source skilled staff with net 24% finding it more difficult than a year ago.

The most common reasons for not being able to find staff was a lack of required training or skills (27%) and fewer applicants being available (27%).

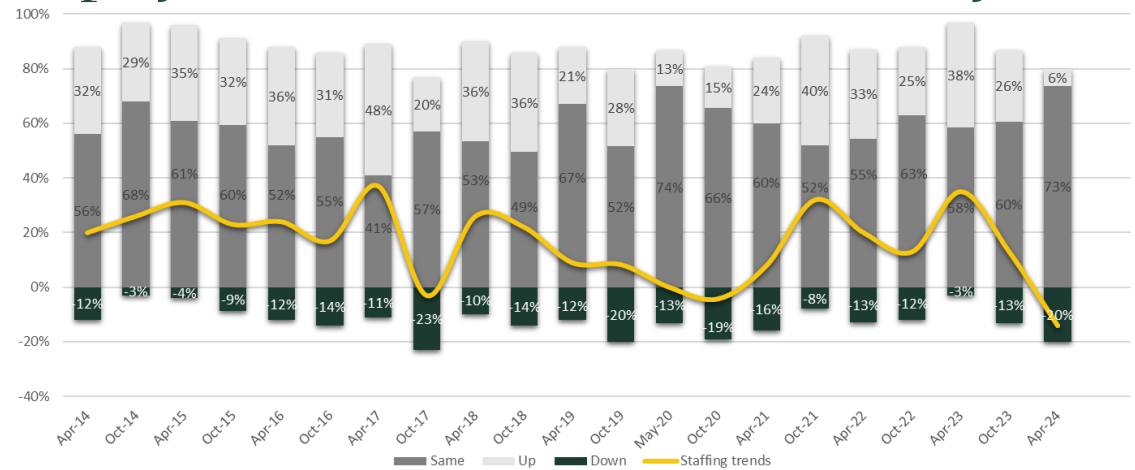
Employers report that the most used methods of finding staff are word of mouth (76%), internet advertising (71%) and social media (58%).

We ranked how successful each method is for sourcing staff and found the most successful methods are internet advertising (44% effectiveness), word of mouth (41%) and recruitment companies (24%).

Finding Staff



Employment Trends in North Canterbury

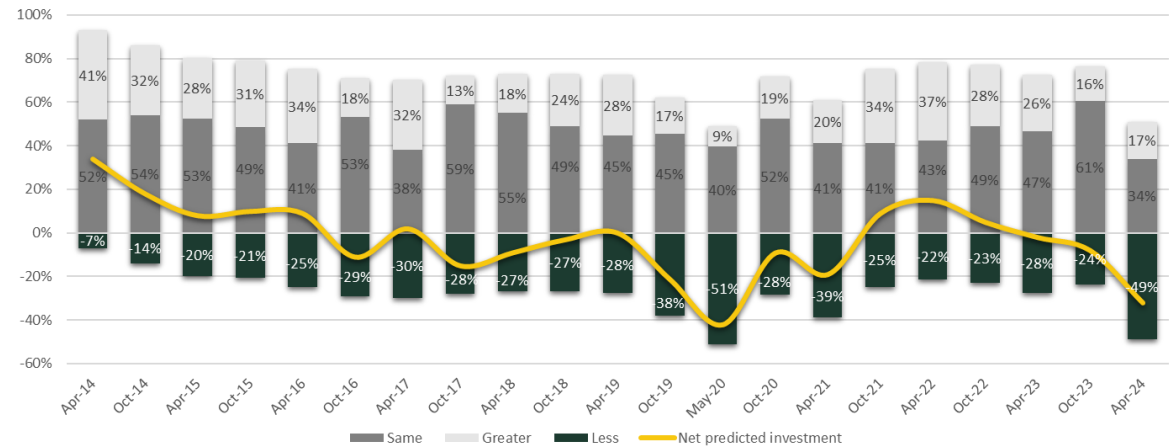


Investment

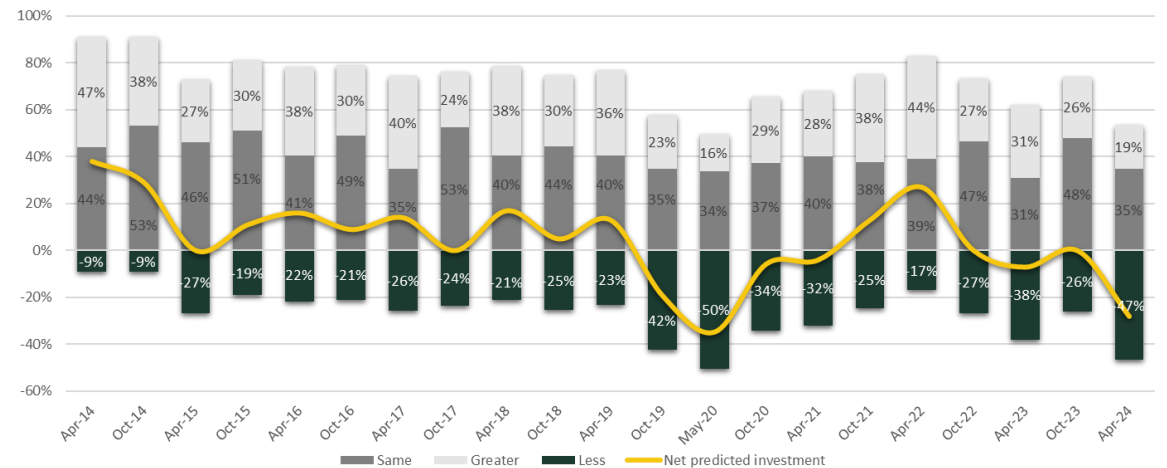
Investment in buildings and plant/equipment are both at low levels with building investment (net -32%) and investment in plant/equipment (net -28%) both at very low levels.

While there has been an increase in commercial consents in North Canterbury over the last year, discussions with building developers and businesses reflect that business owners are pausing planned developments and holding off from discretionary investment until the economy improves.

Predicted Investment in Buildings



Predicted Investment in Plant/Equipment



Survey Feedback

“We have intentionally trimmed our business to perform better.”

“What's happening now is the direct result of lockdowns and shutting down economy for several years.”

“Everything is overtaxed, over regulated, there is no free market and money is wasted on subsidizing crazy projects and lunacies that always fail.”

Sustainability

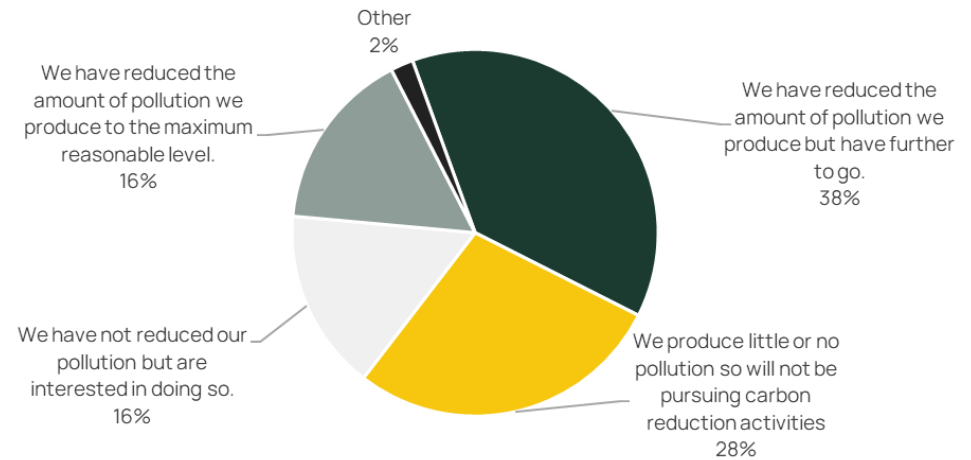
For this survey, we also asked businesses about their sustainability practices.

For carbon reduction, 9.4% of respondents indicated that they have measured their carbon footprint and 54% of businesses indicated that they had made efforts to reduce their pollution.

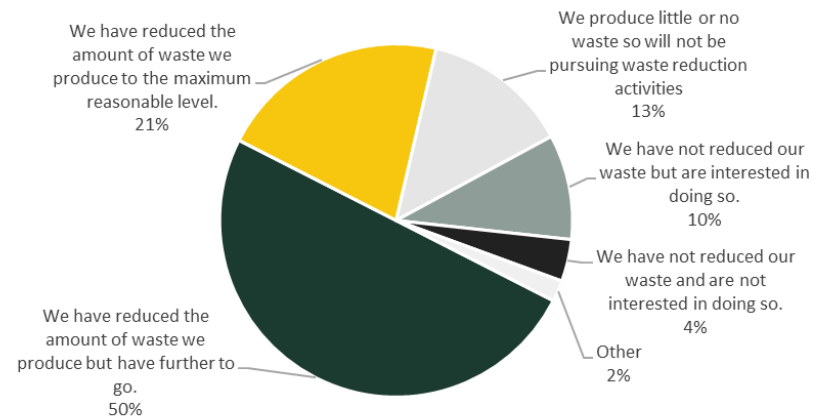
For waste reduction, 71% of businesses have made efforts to reduce their waste. 60% expressed an interest in further waste reduction.

To increase their knowledge of better sustainability practices, 81% of respondents expressed an interest in attending training, seminars, or one-on-one coaching, but only 9.6% of respondents would be willing to pay for this service.

Carbon Reduction



Waste Reduction



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.

- 53 businesses responded to this survey out of 188 invited: a return rate of 28%.
- 39 respondents were from Waimakariri, 11 were from Hurunui and 3 considered that they are based equally in both districts.

Industry

Professional Services	14
Manufacturing	12
Retail	11
Cafes and Restaurants	8
Wholesale Trade	7
Construction and Trades	6
Agriculture	4
Horticulture	2
Forestry	2
Tourism	2
Health	2
Finance and Insurance Services	1
Property Services (inc Property Development)	1
Electricity, Gas and Water	1
Accommodation	1
Transport and Storage	1

Number of Employees

0 employees	6
1-10	29
10-20	8
21-50	7
51-100	1
101-200	1
201-500	1

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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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