

SOUTHLAND BUSINESS CHAMBER

BUSINESS CONFIDENCE SURVEY

Southland Region

- NOVEMBER 2022 -

Key Points

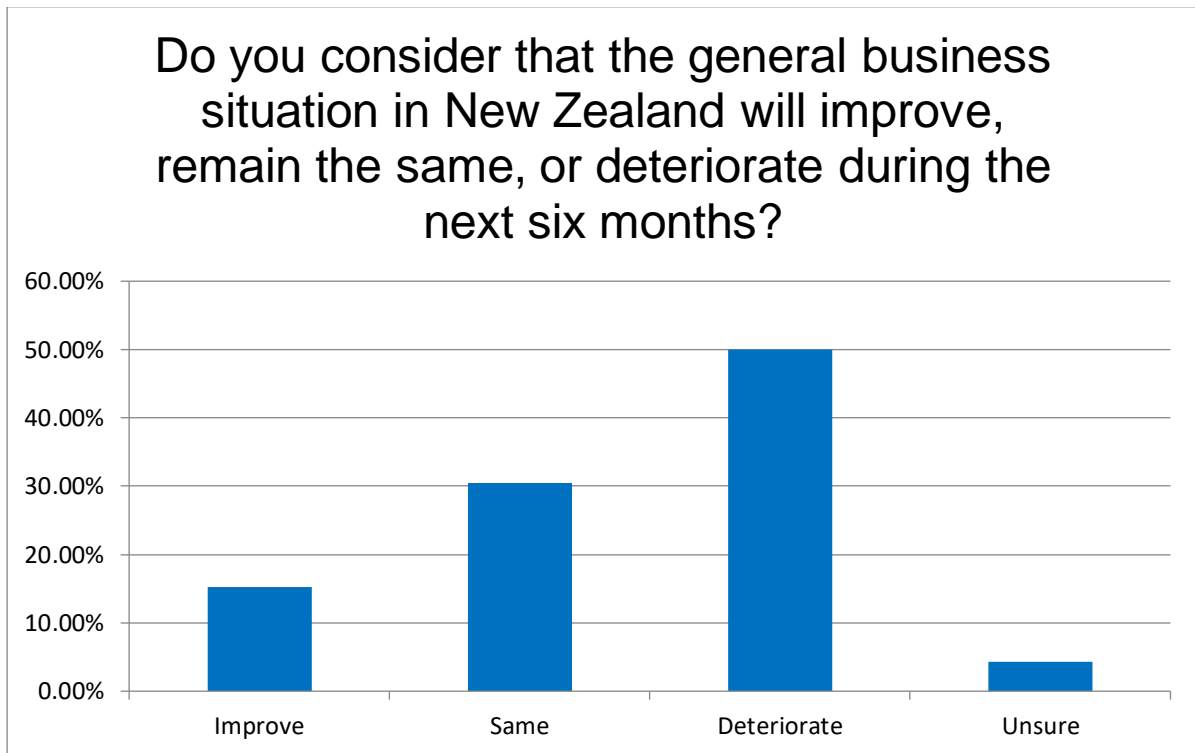
- Business confidence has dropped further on last quarter with only 15% of respondents expecting the general business situation in New Zealand to improve in the next 6 months and half consider the general business situation in NZ will deteriorate, up from 40% last quarter.
This is creeping back to 2021 levels of pessimism when 14% were expecting improvement in the next 6 months, and 71% considered the general business situation in NZ would deteriorate.
- The outlook on respondents' own businesses, while slightly more confident than the general business situation in NZ, is mixed with 41% expecting things to stay the same in the next 6 months while 28% are expecting improvement and 24% foreseeing a downturn for their own entity. These are similar percentages to 12 months ago while still in the grasp of Covid.
- Finding staff remains a major issue. Skilled/specialist staff are harder to find than 3 months ago for 54% of respondents while 23% say they are just as hard to find at the time of the August survey. Finding unskilled staff is only slightly less of a headache according to the survey. 34% believe they are harder to find than 3 months ago and 32% claim they are just as hard to find as 3 months ago. Although these are the lowest percentages in the last 12 months, not 1 single respondent has thought it is getting easier to find skilled or unskilled staff in the last year.
- The issue of finding staff has been recognised as the number one factor limiting growth for respondents. 32% claim it is holding them back while capacity is the number one limitation for 21%. Next is finances at 10%, supplies and demand are the number speed hump for 8% of respondents each.
Note: Compared with 12 months ago Covid-19 level changes was first at 28% along with labour also at 28%.
- Average costs continue to be a major concern for businesses with 91% of respondents saying it has gone up over the past three months, up from 50% in the last quarter. 80% believe average costs will continue to go up over the next quarter with 20% estimating costs to remain the same.
On a positive note, sales in New Zealand have increased for 27% of respondents and stayed the same for 54% over the last quarter. 22% are expecting an increase in NZ sales in the next 3 months and 61% believe they will remain at current levels.
Burnout continues to remain front of mind with 50% expecting total hours worked to increase and 47% to remain the same over the next quarter.

Key Points

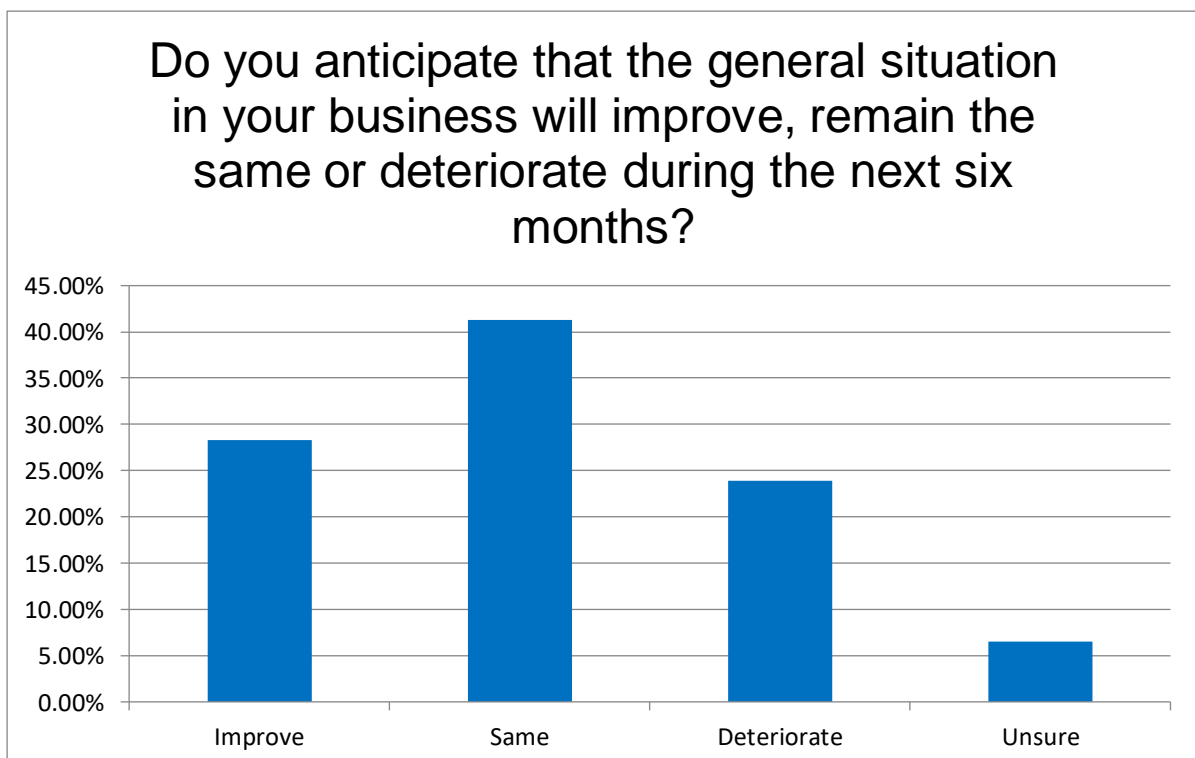
- The silent thief, inflation, is voted as having the greatest impact on profitability over the past 6 months. 43% claim it has eaten into profits more than any other factor and 52% of respondents think it will continue to do so in the coming 6-month period. Sitting in second and no doubt driven by inflation, is staff costs with 36% labelling that as causing the biggest hit to profitability and 39% estimate it will continue to do so in the period to May 2023. Rising interest rates, supply chain and fuel costs are also major areas of concern affecting Southland businesses profitability.
- Employers appear to be doing their best to negate inflation for staff with an increase in the higher brackets of wage increases. Over the last year 21% increased average wages by 6-7%, 10% by 8-9% while 6% of respondents increased average wages by 10% or more. 55% expect to increase their average wages by 3-7% in the next 12 months.

Summary of Results

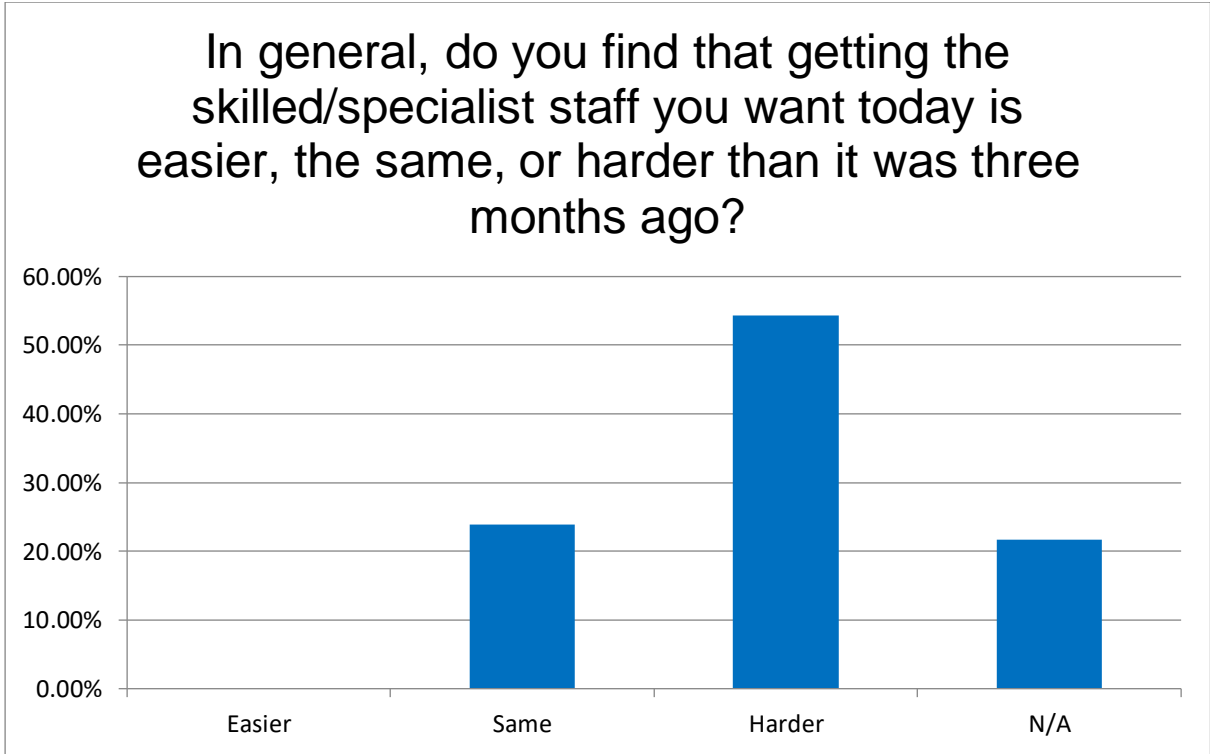
Question 1



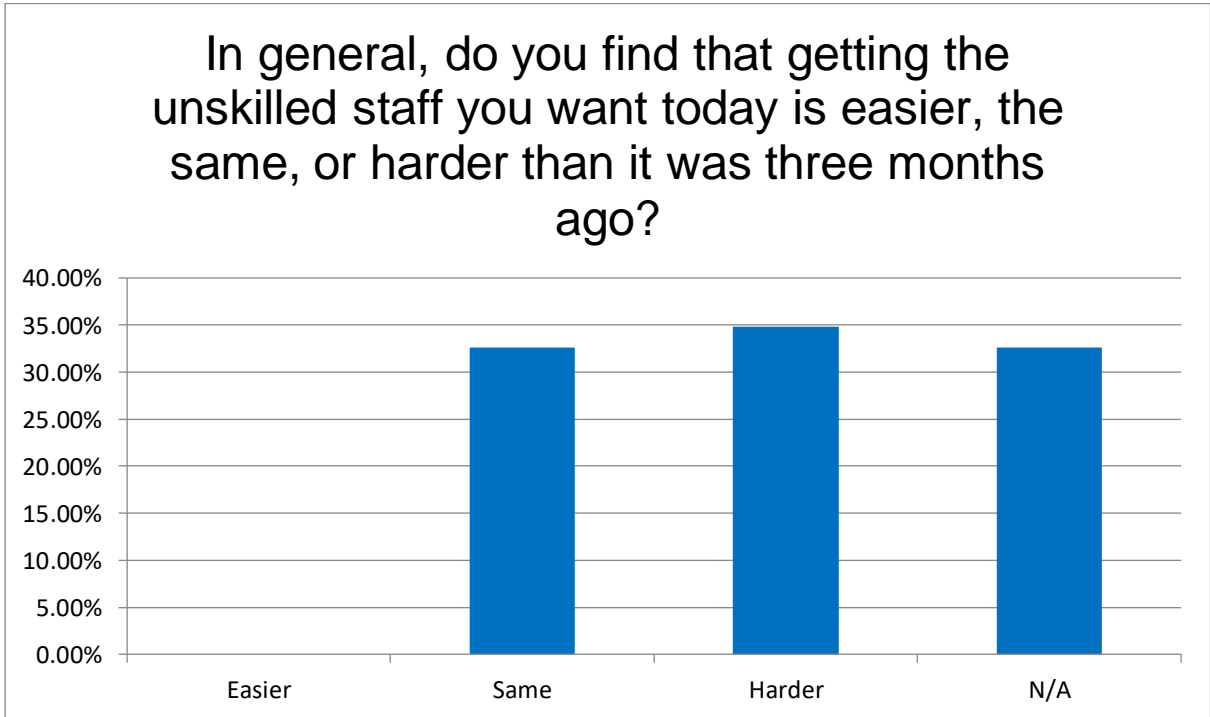
Question 2



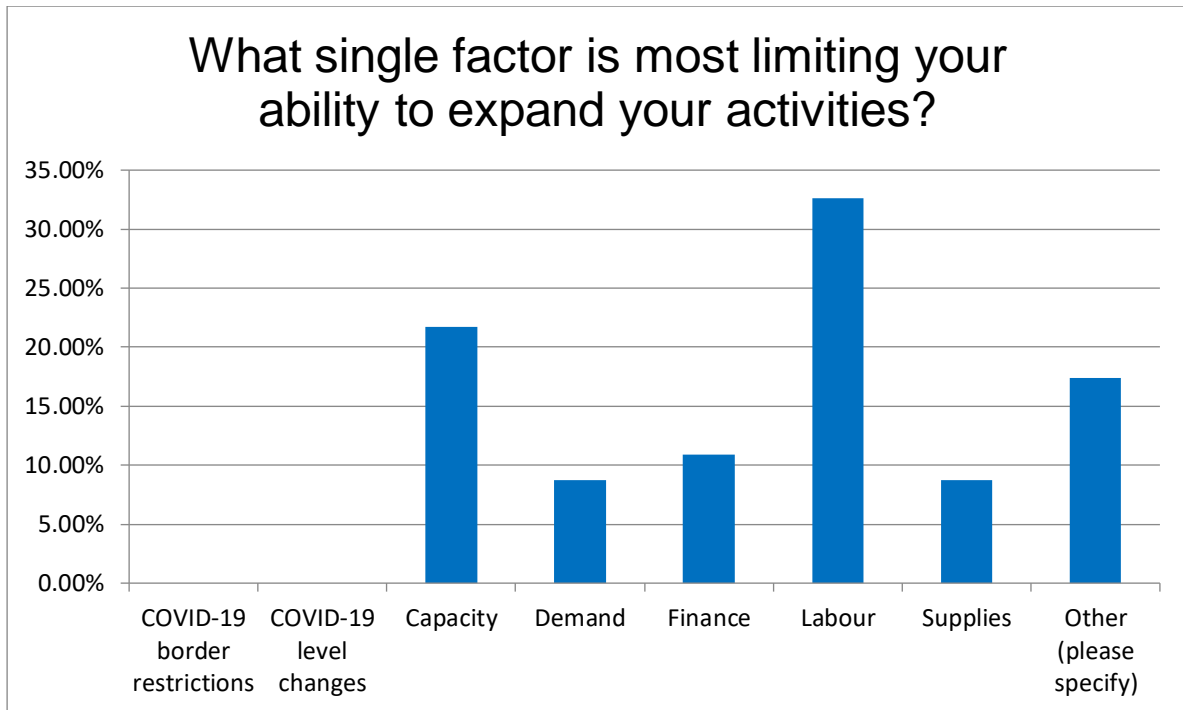
Question 3



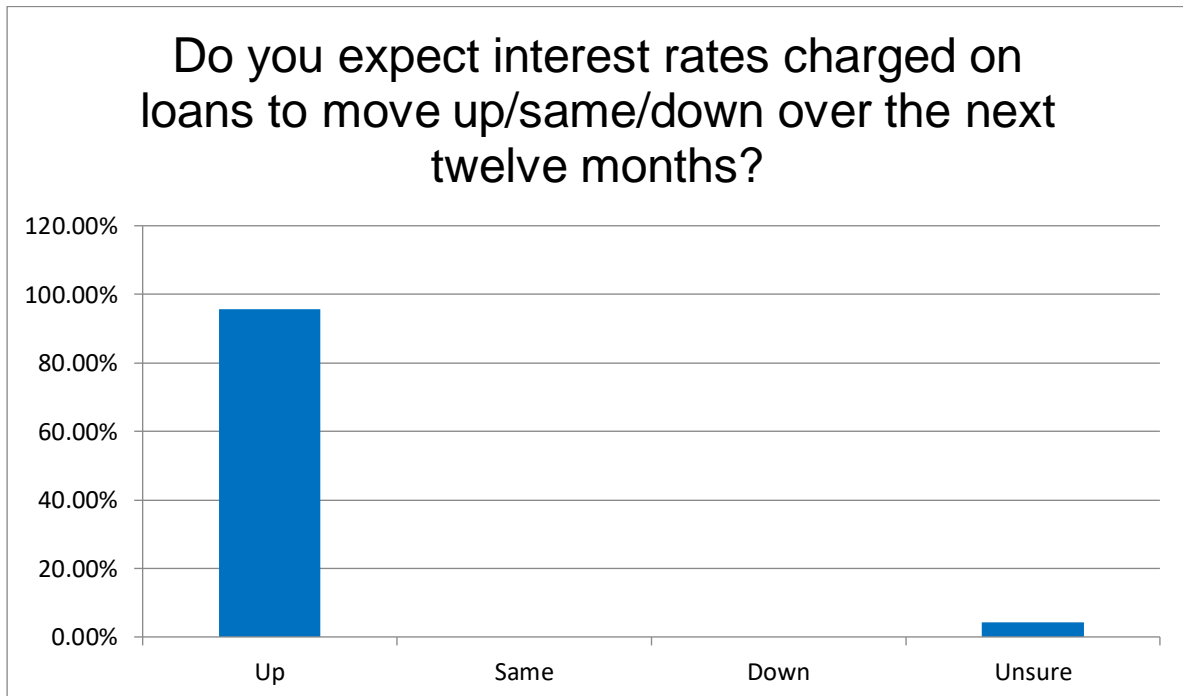
Question 4



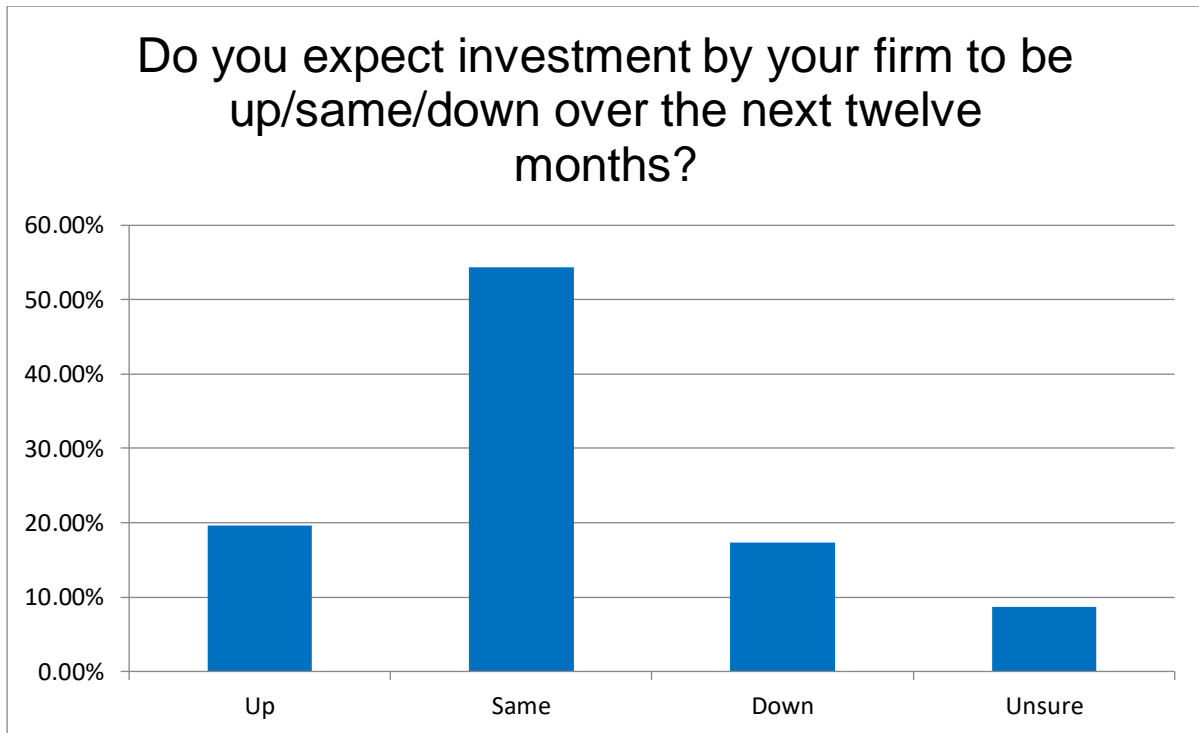
Question 5



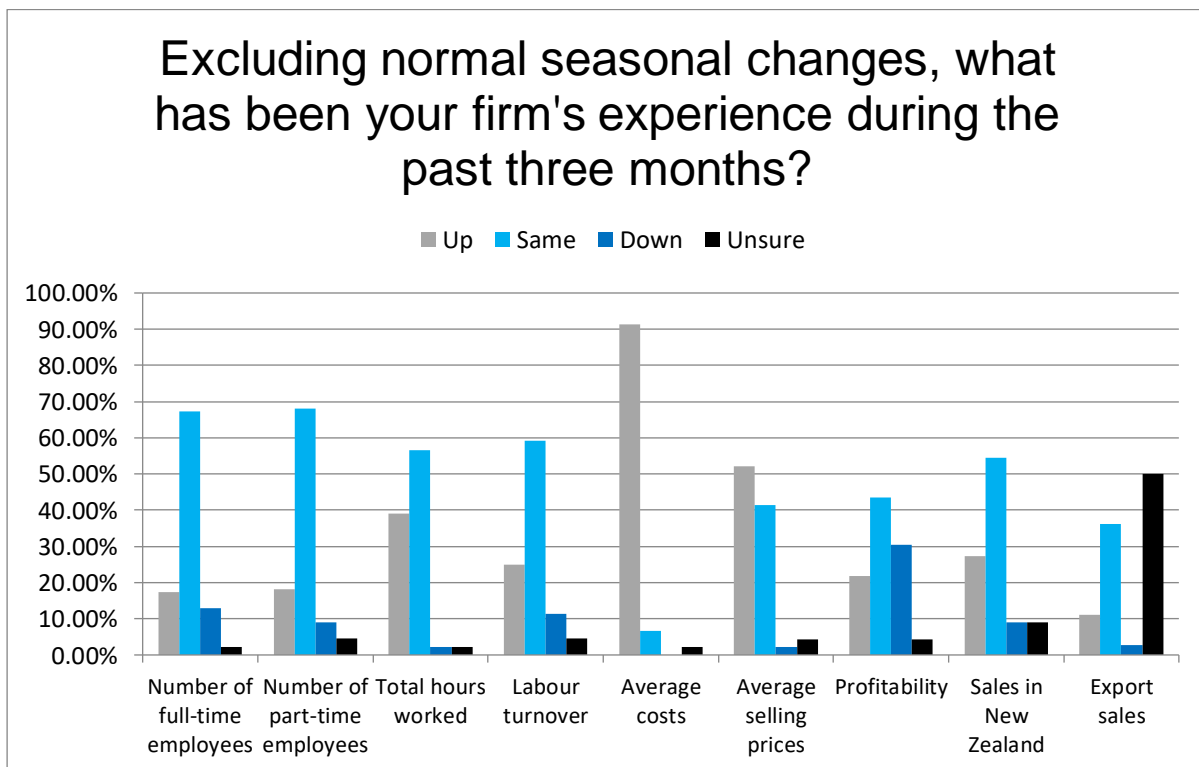
Question 6



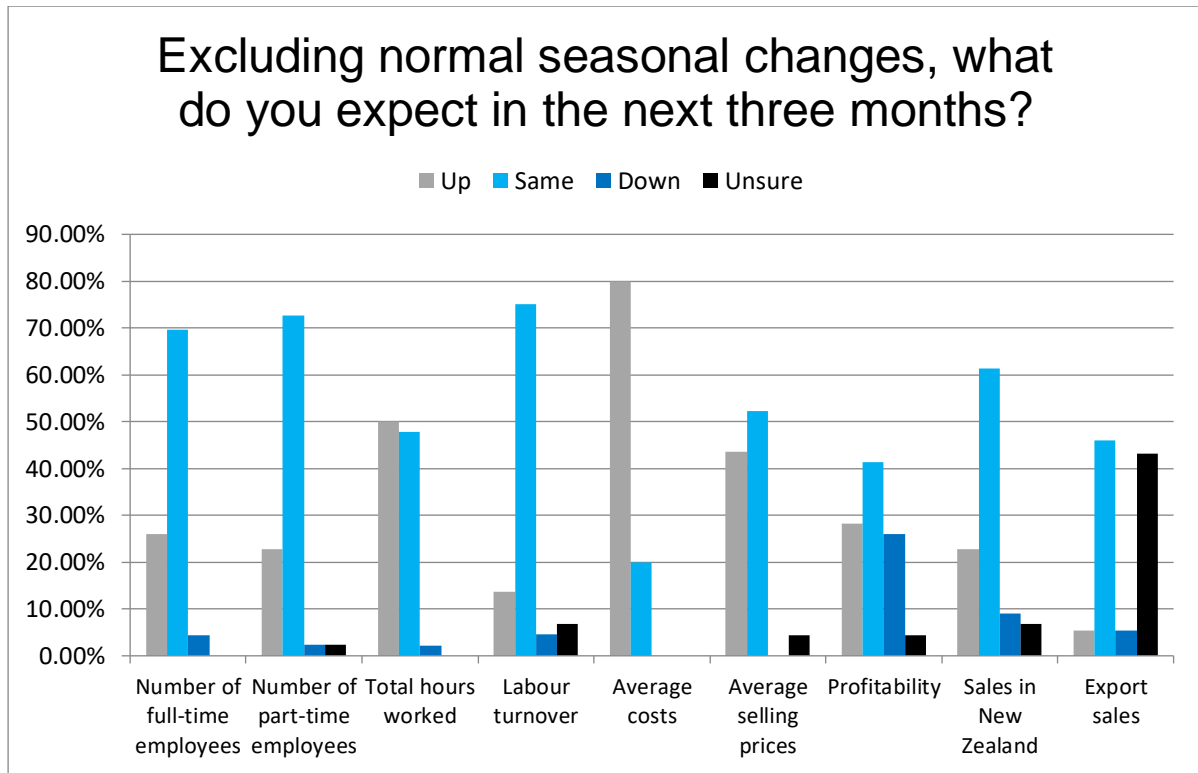
Question 7



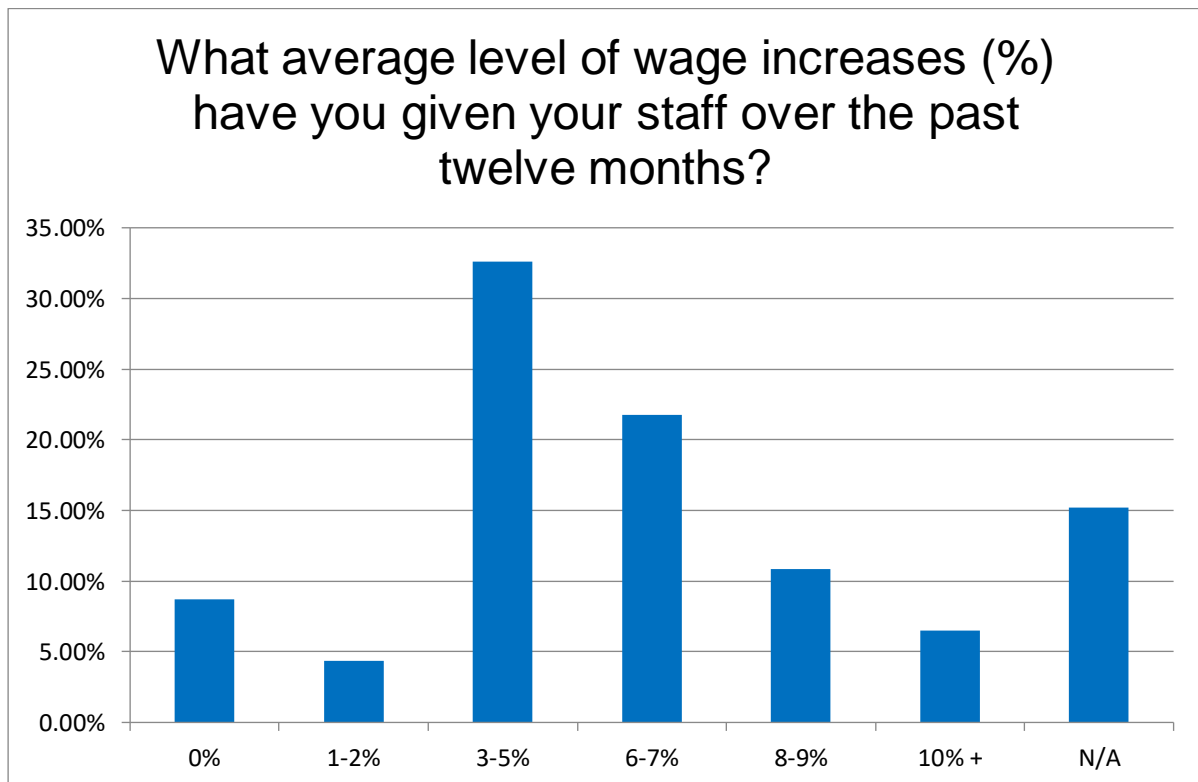
Question 8



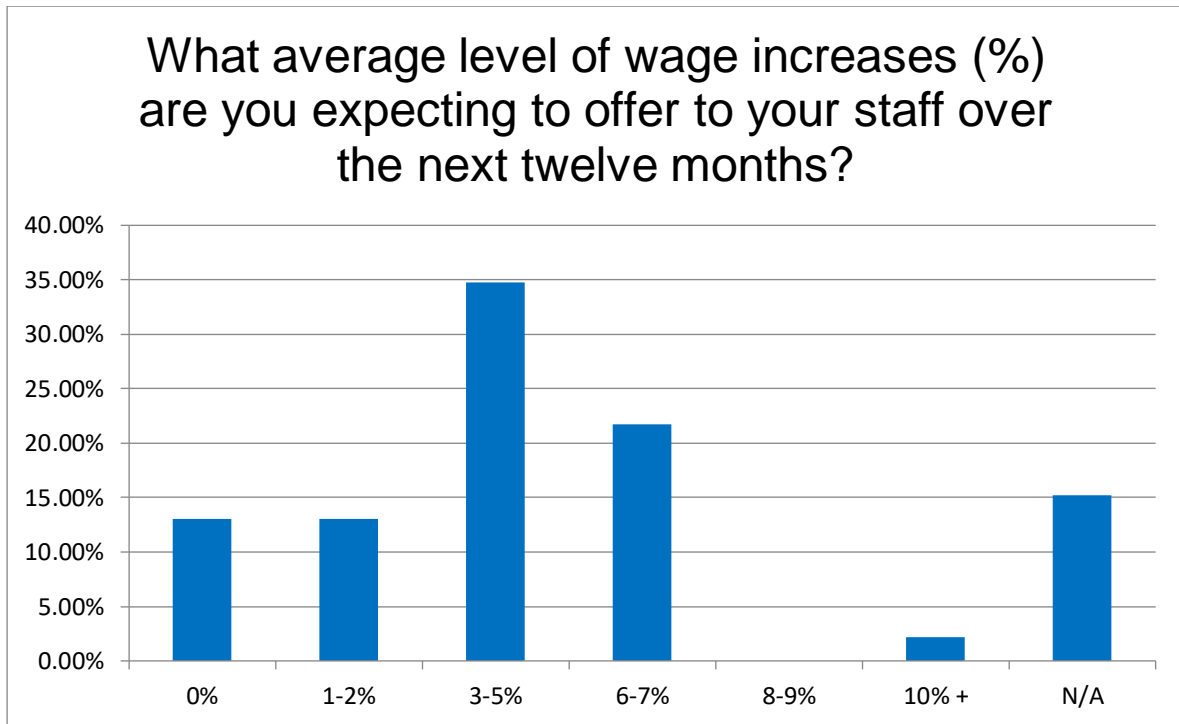
Question 9



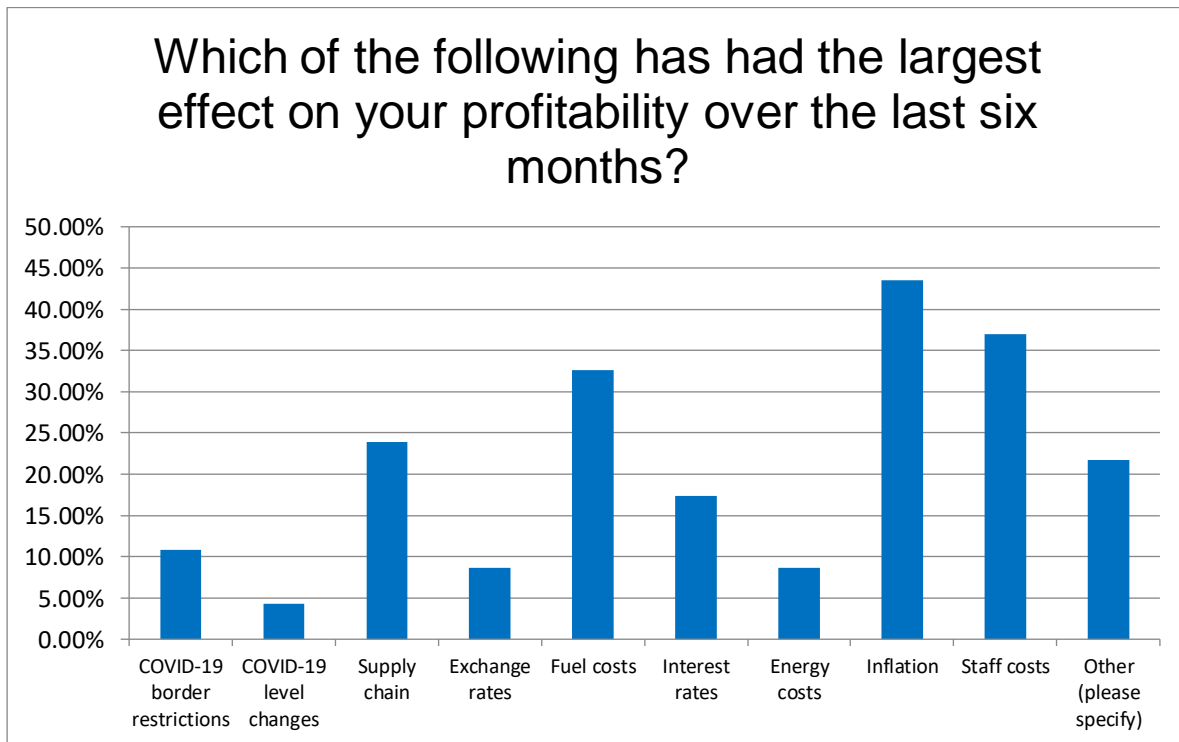
Question 10



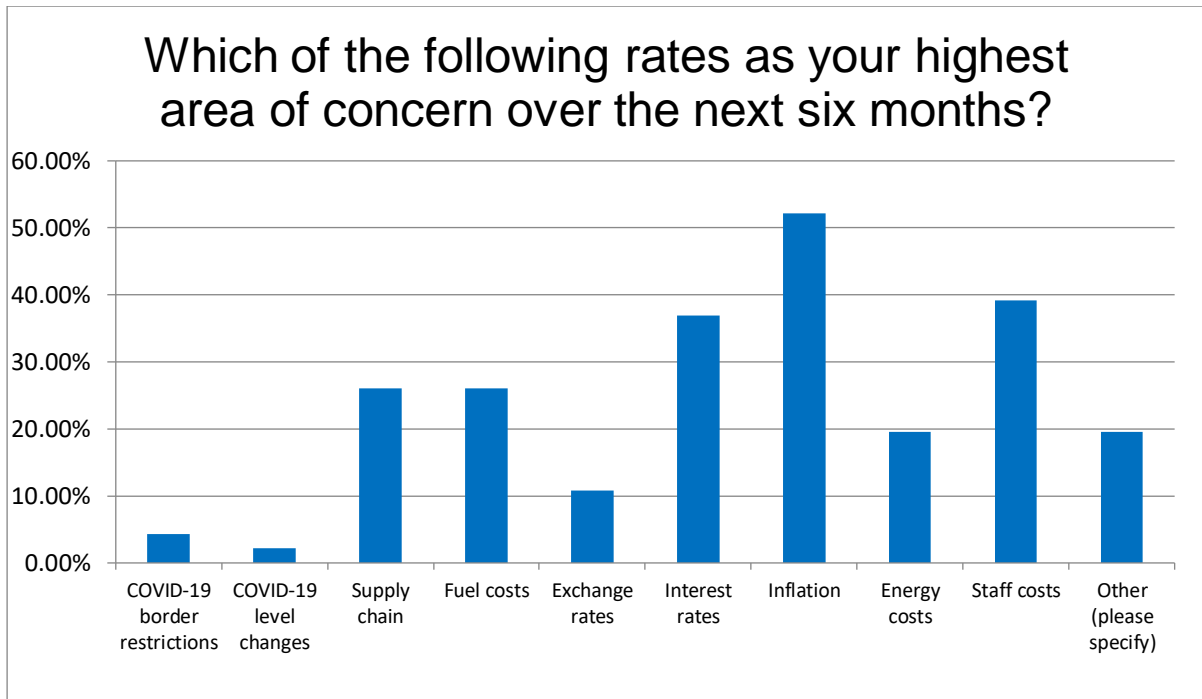
Question 11



Question 12



Question 13



Question 14

