

SOUTHLAND BUSINESS CHAMBER

BUSINESS CONFIDENCE SURVEY

Southland Region

- MAY 2023 -

Key Points

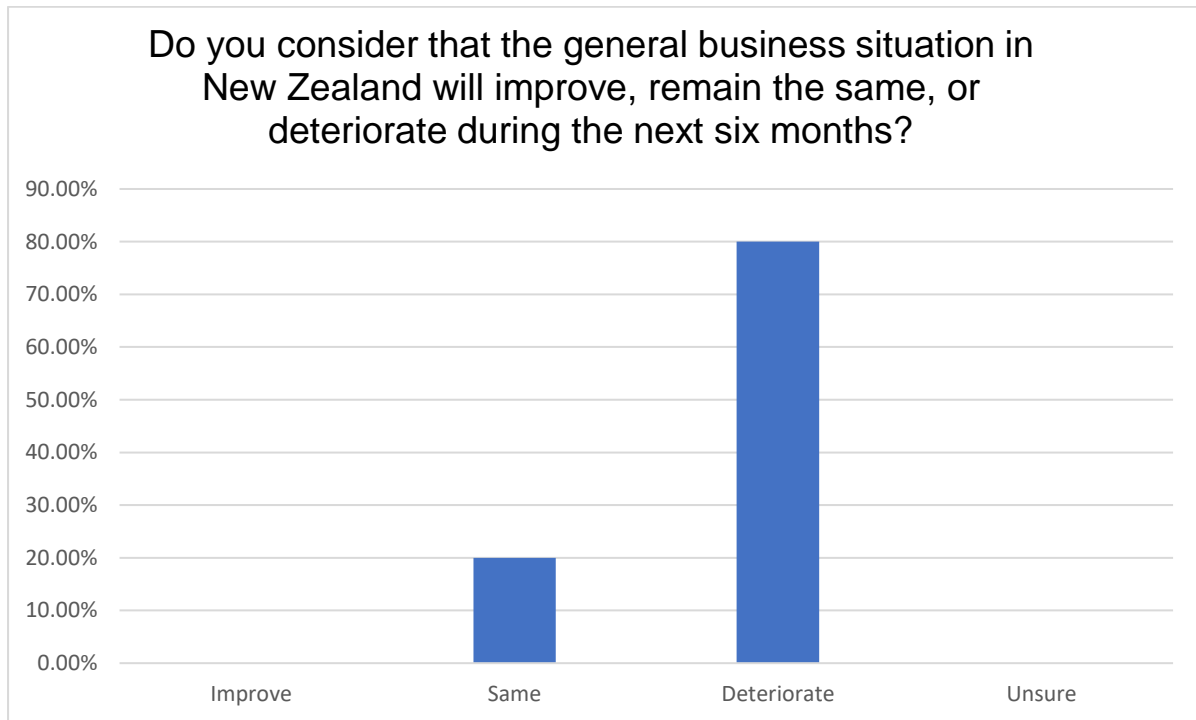
- Business confidence has significantly dropped with 80% of respondents expecting the general business situation in New Zealand to deteriorate in the next 6 months. The remaining 20% of respondents consider the general business situation to remain the same. This is the highest level of pessimism since commencing the Southland Business Confidence Survey's in August 2021.
- The outlook on respondents' own businesses, while slightly more confident than the general business situation in NZ, is split with 60% expecting things to stay the same in the next 6 months while 40% are foreseeing a downturn for their own entity. These results are significantly different to 12 months ago when 62.5% of respondents were predicating an improvement in their business, and just 12% of respondents predicating a downturn.
- Businesses are continuing to struggle to find skilled/specialist staff, with 60% finding it harder to find skilled/specialist staff than three months ago. This trend continues for unskilled staff, with 40% finding it harder to find unskilled staff than three months ago. Not one single respondent has thought it is getting easier to find skilled or unskilled staff since commencing the Southland Business Confidence Survey's in August 2021.
- This quarter 40% of respondents highlighted finding labour as the number one factor limiting growth. Capacity, finance and supplies were identified by 20% of respondents as other factors holding them back.
- There is no certainty on the future of interest rates with 40% of respondents expecting interest rates to go up, 40% consider them to remain the same, and 20% expecting them to go down in the in the next 12 months.
- The level of uncertainty is high with 40% of respondents unsure if the level of investment in their business will change over the next 12 months, while 20% expect investment to be up. This compares to 12 months ago when 0% of respondents were unsure, and 57% of respondents expected the level of investment in their business to go up over the next twelve months.
- 100% of businesses have experienced an increase in average costs and average selling prices. 60% of respondents have experienced reduced profitability, with 40% experiencing both lower sales in NZ this quarter. Burnout has been raised in previous reports as a major concern for business owners and it is positive to see 40% have reduced their hours worked this quarter and 40% are expecting to work less hours next quarter.

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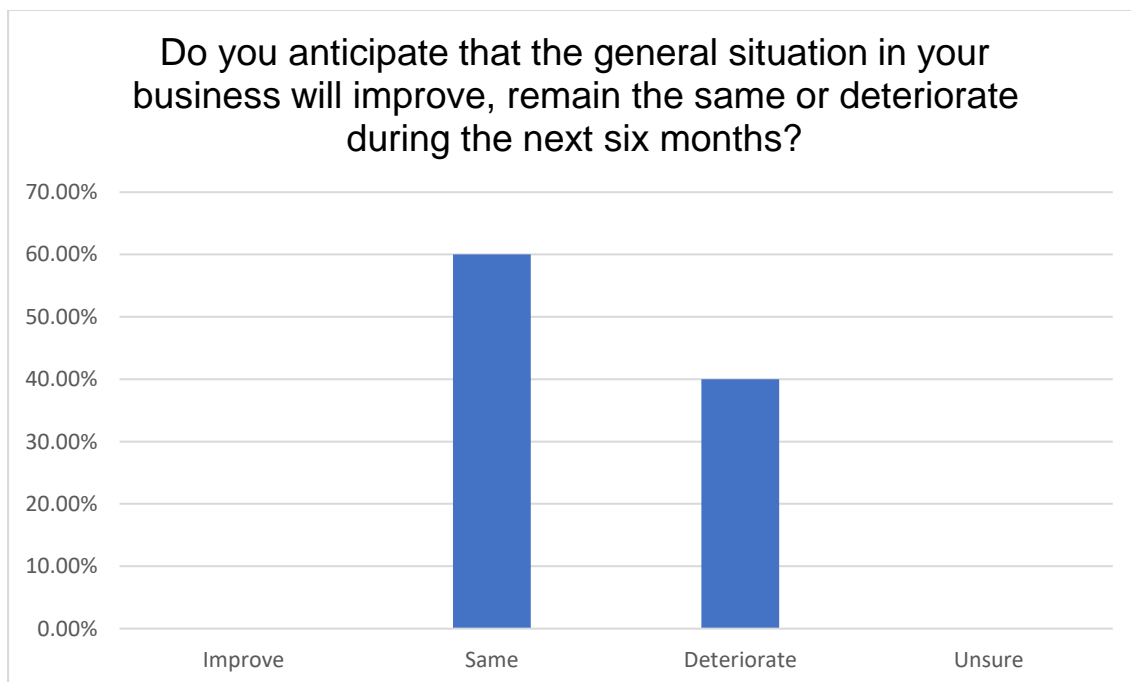
- Inflation and staff costs continue to have the greatest impact on profitability over the past 6 months with 80% of respondents. Rising interest rates is closely behind with 60% of respondents. Other areas of concern identified as affecting Southland businesses profitability included supply chain, energy, and fuel costs with 40% of respondents, and exchange rates with 20%. Respondents believe all these major areas, with the exception of exchange rates, will continue to affect their business profitability in the coming 6-month period.

Summary of Results

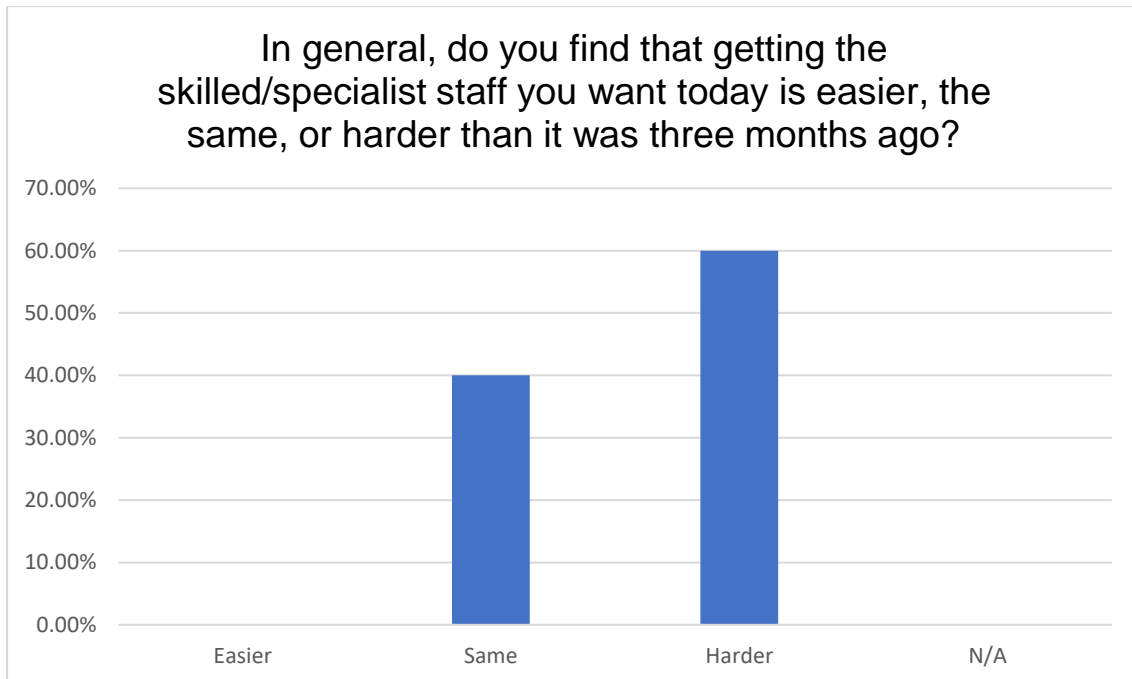
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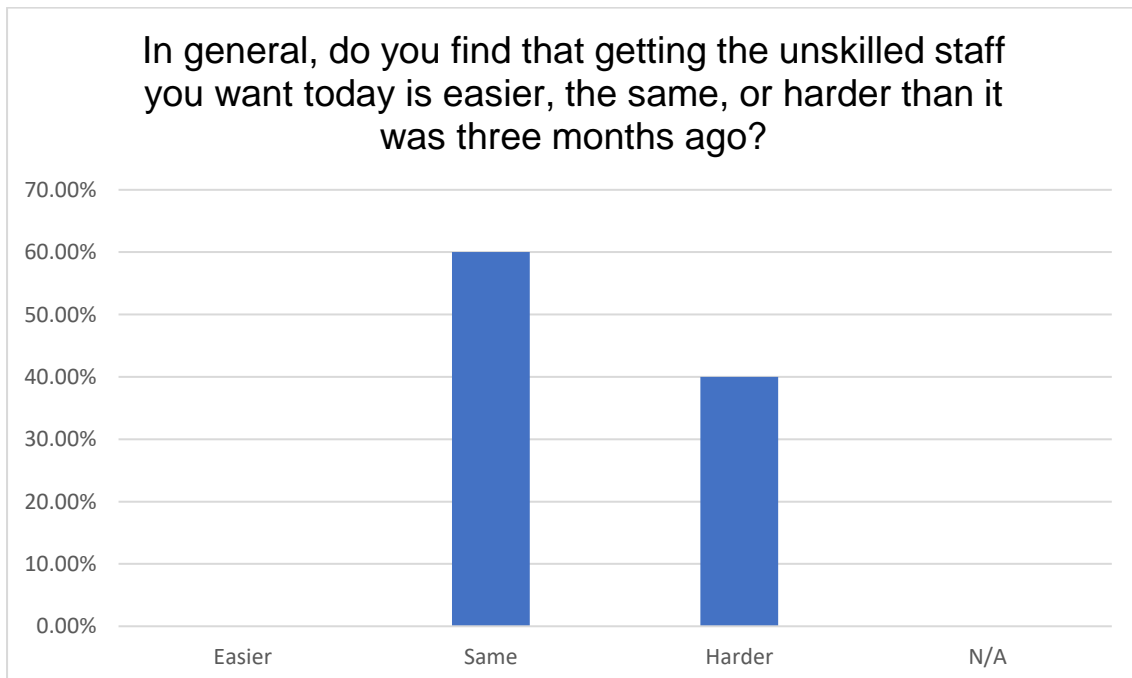
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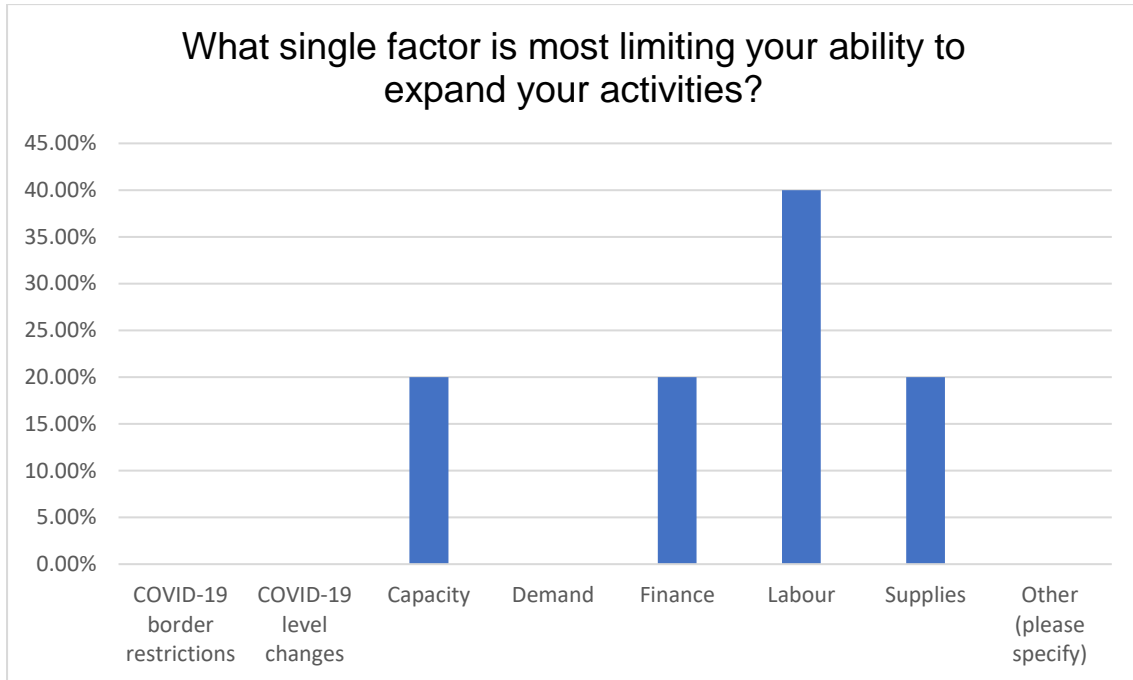
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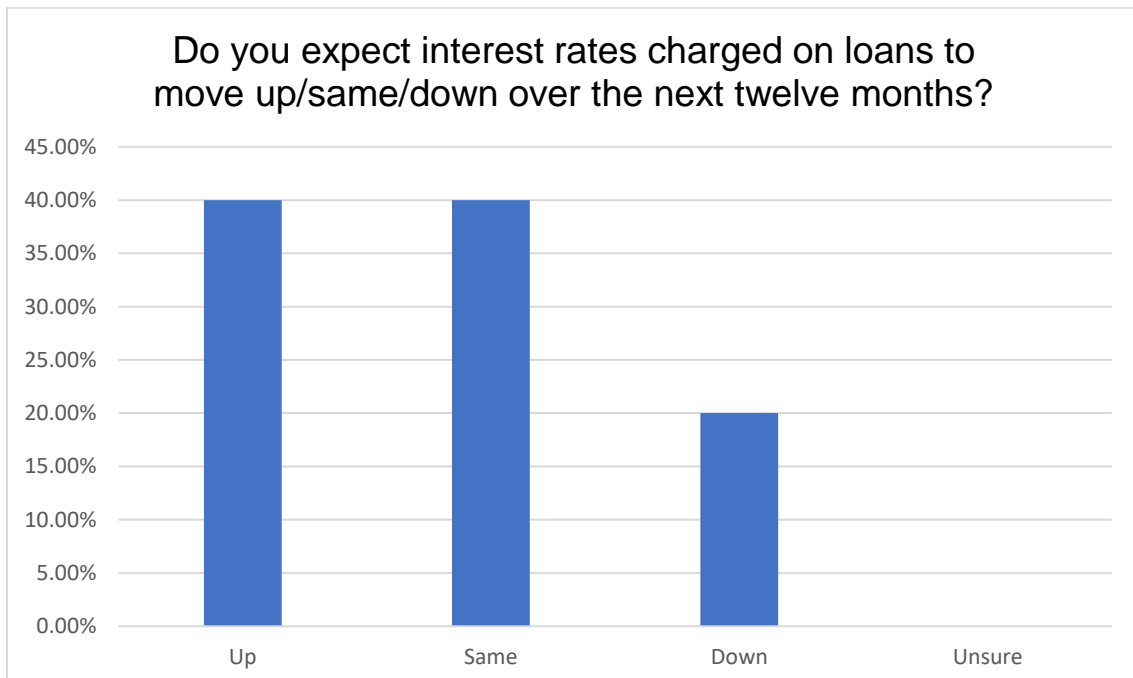
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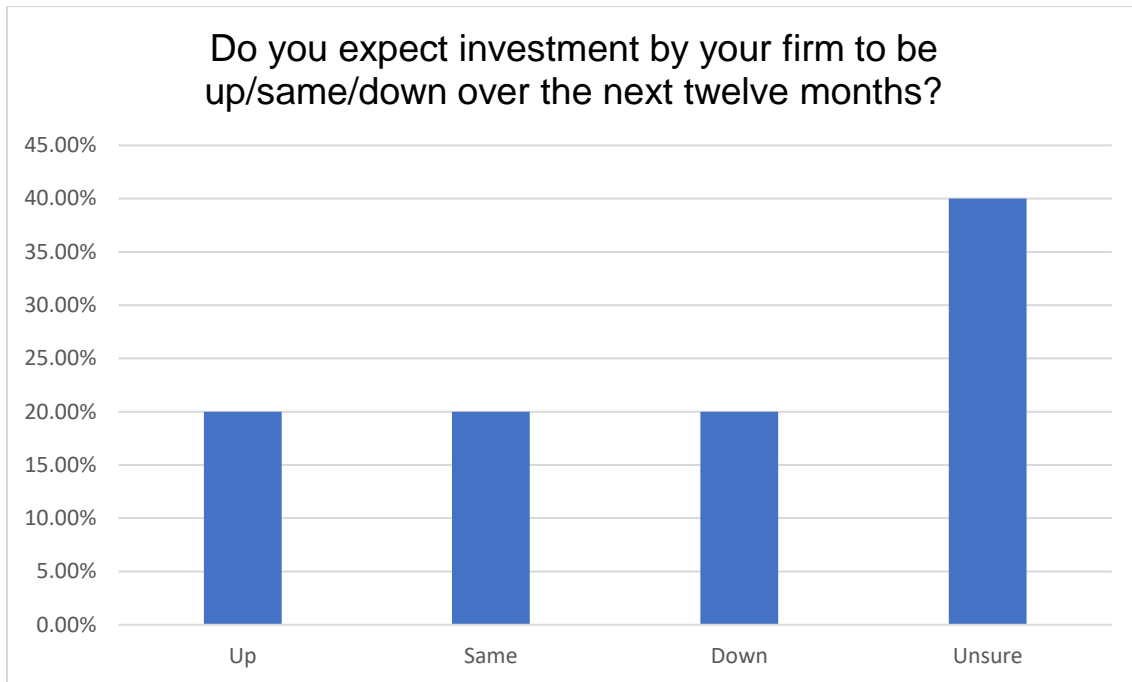
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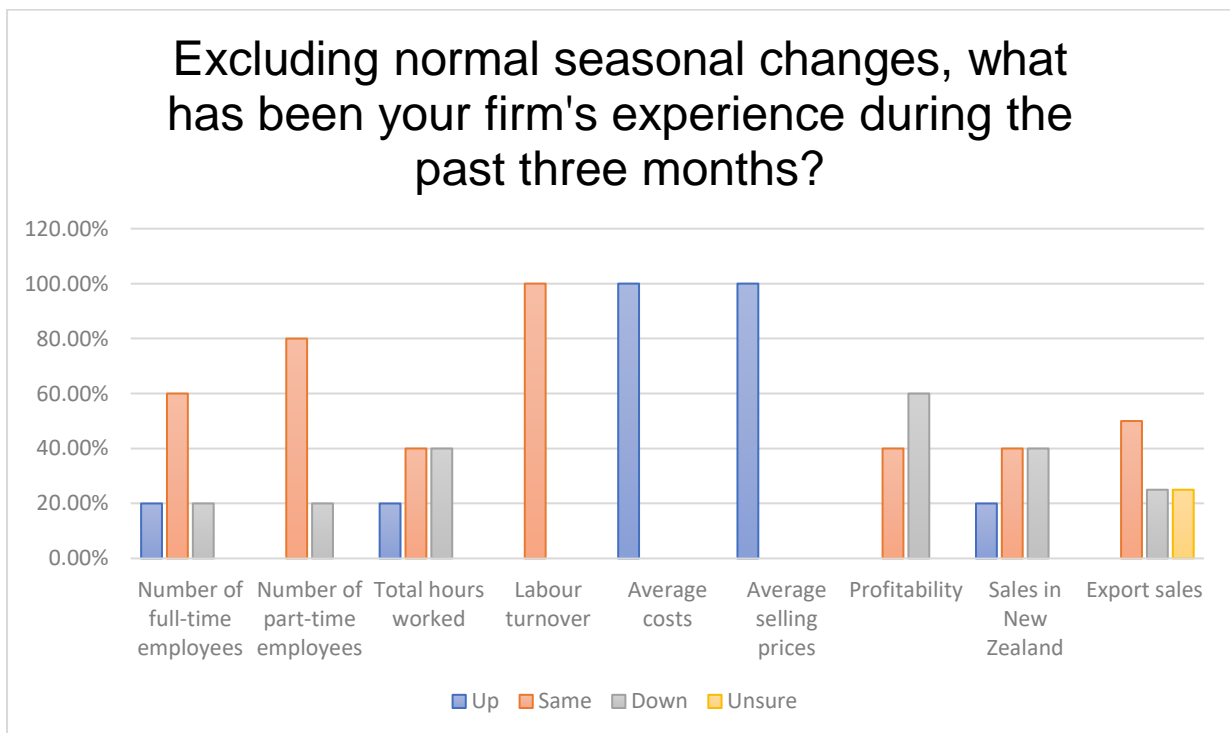
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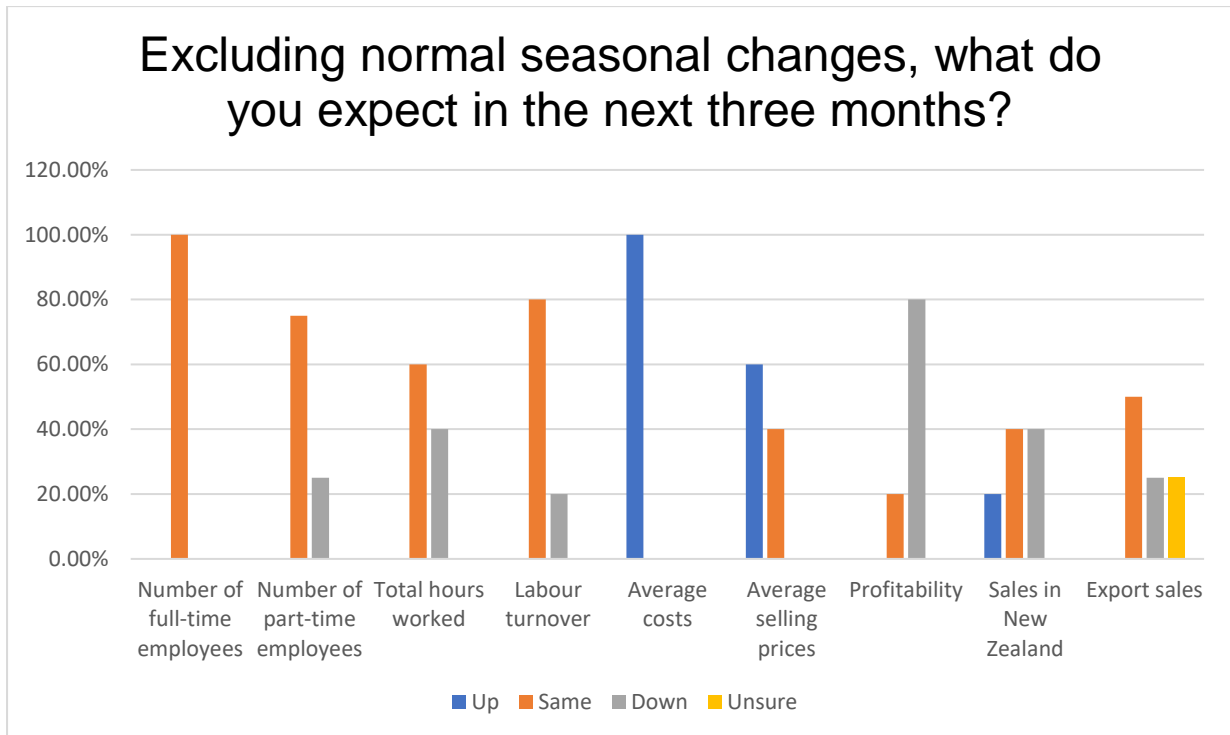
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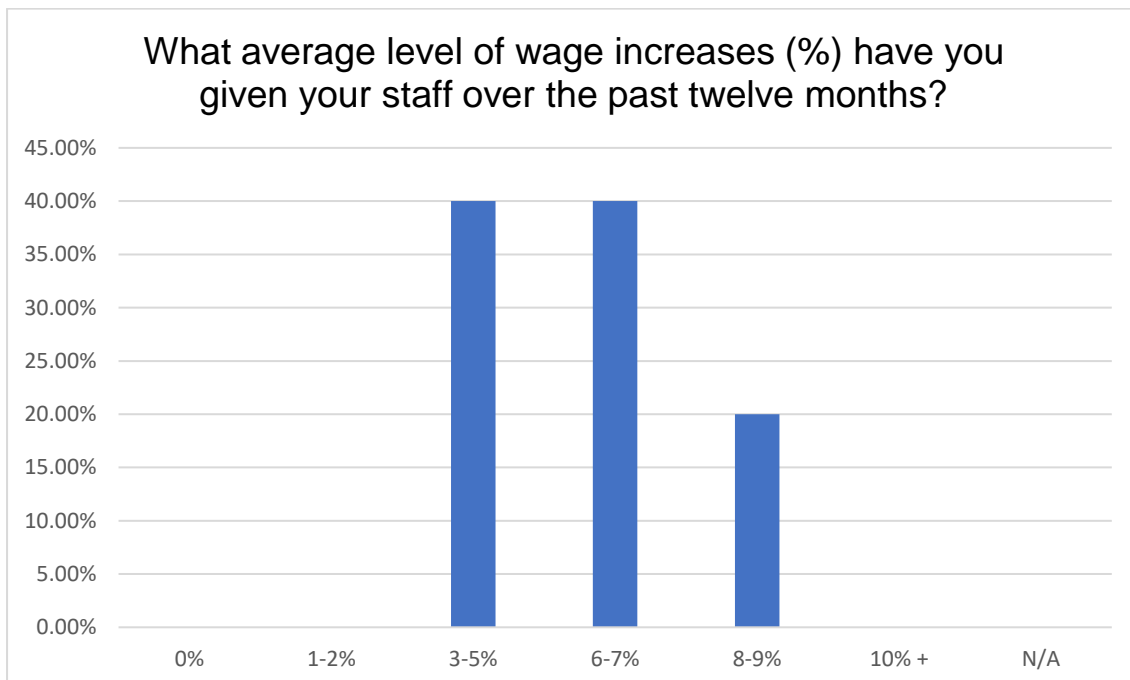
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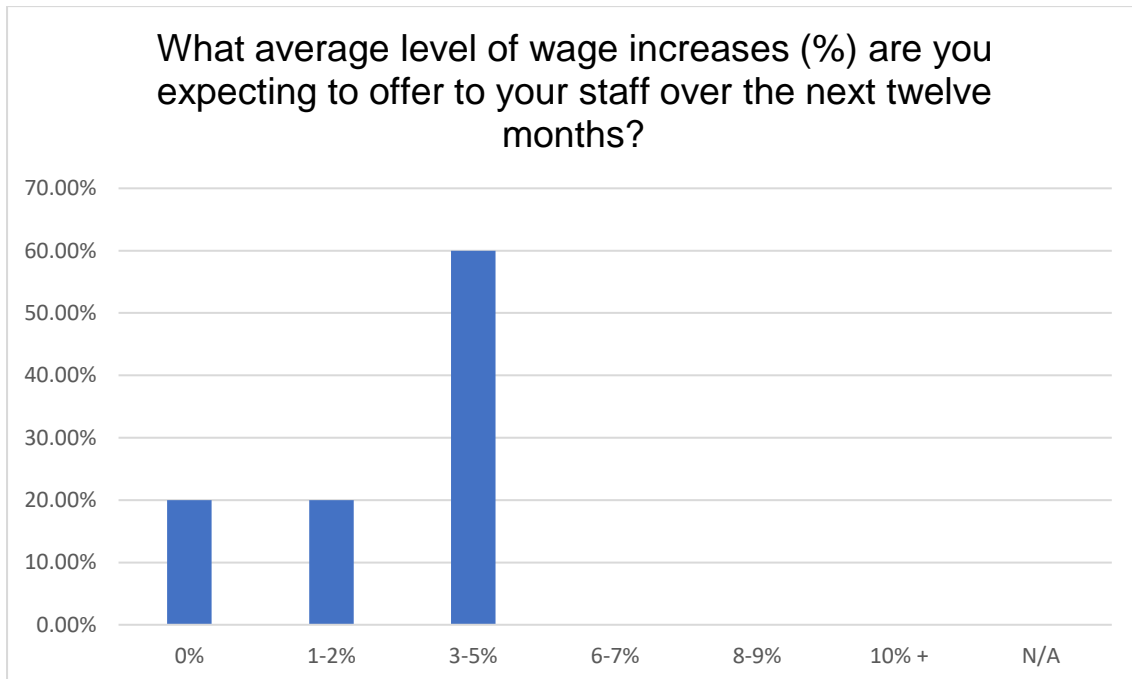
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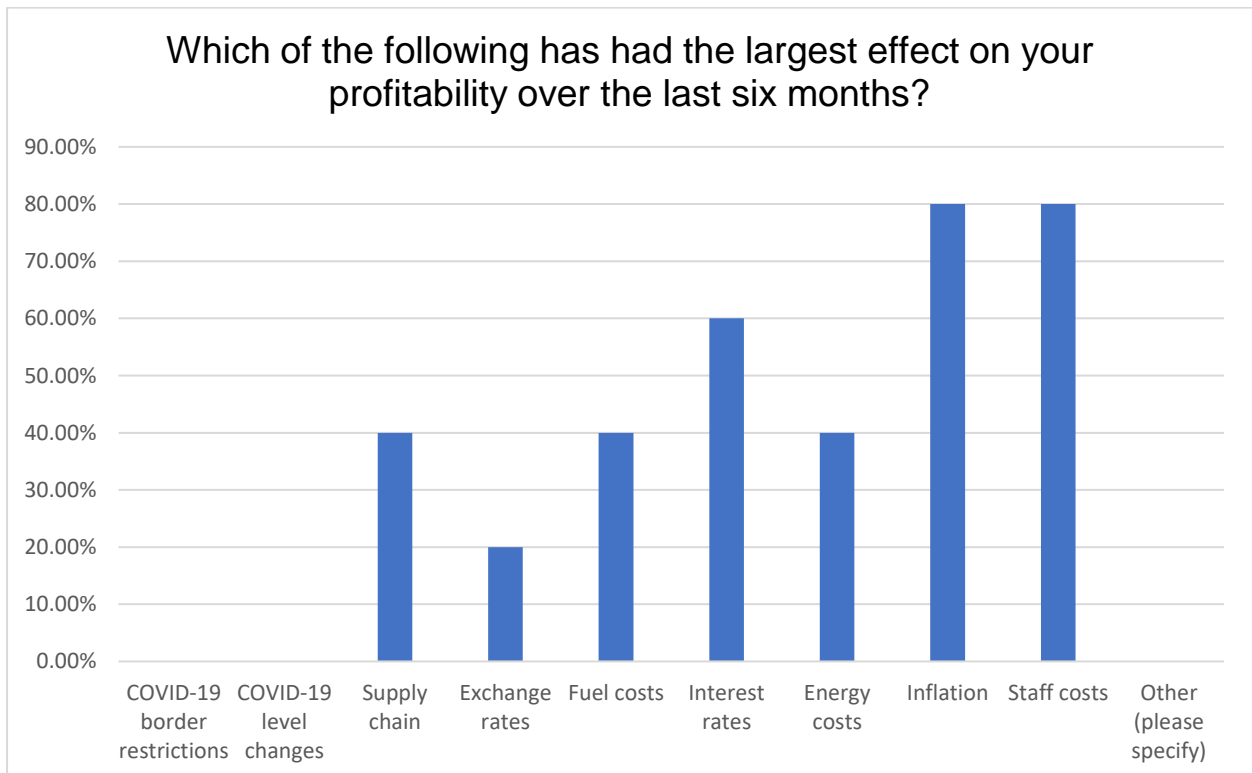
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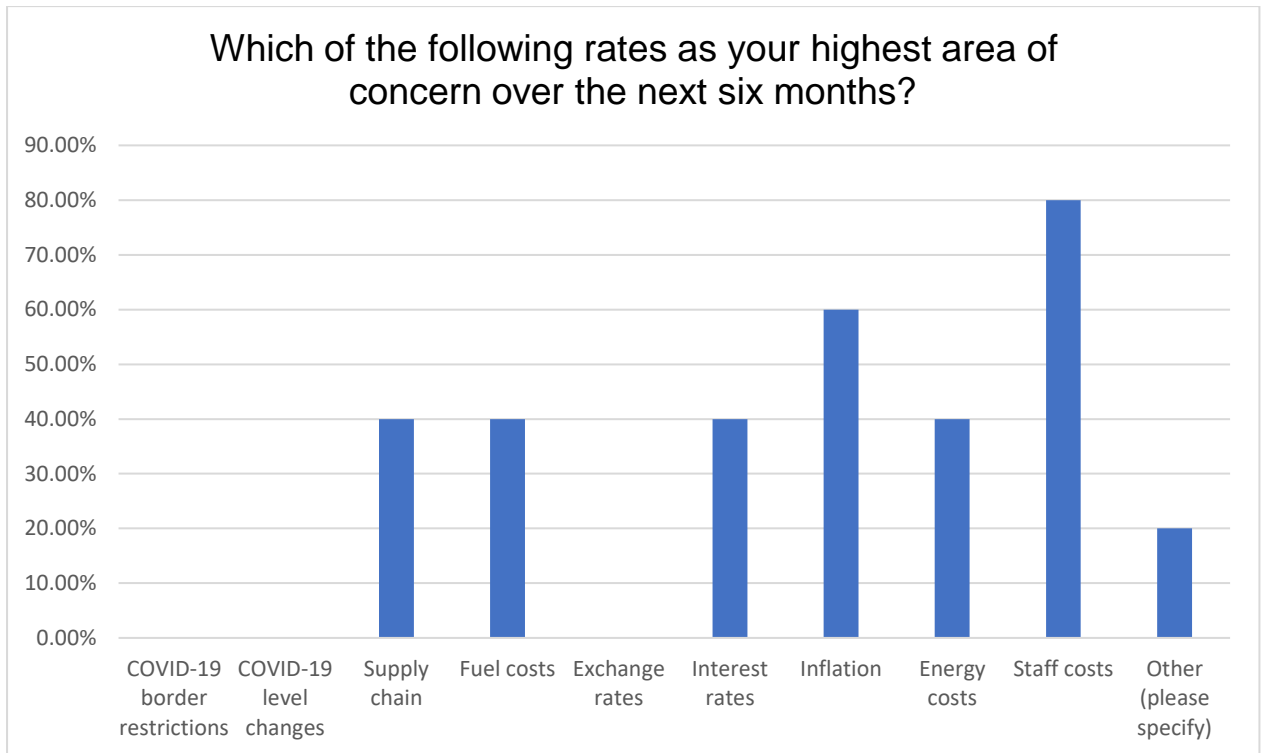
Question 11



Question 12



Question 13



Question 14

