

SOUTHLAND BUSINESS CHAMBER

BUSINESS CONFIDENCE SURVEY

Southland Region

- AUGUST 2023 -

Key Points

- 15% of respondents are optimistic about the general business situation in New Zealand and expect it to improve in the next 6 months, up from 0% last quarter. However, the majority of respondents have a negative outlook on the future with 59% of respondents expecting the general business situation in NZ to deteriorate in the next 6 months. 24% of respondents don't anticipate significant change in the general business situation in the next 6 months.
- The outlook for respondents' individual businesses is showing increased confidence, with 24% of respondents anticipating an improvement in their business, significantly up from 0% last quarter. 45% believe that their businesses will maintain stability over the next six months, while 27% believe that their business will deteriorate.
- Businesses are still grappling with the ongoing difficulty of hiring skilled and specialised staff, with 80% of respondents expressing that the challenge remains unchanged or harder from three months ago. A parallel trend is observed in the quest for unskilled staff, as 64% of respondents report that the situation has either remained unchanged or has become more challenging compared to three months ago. However, there is an interesting shift in this trend. For the first time, 11% of respondents have experienced an improvement in their ability to secure skilled and specialist staff, while 13% have found it easier to hire unskilled staff.
- Labour is the most limiting factor for business growth at 24% of respondents. This is followed by demand at 21% and capacity at 18%. 17% of respondents identified 'other' factors holding them back including Government regulations, rules and compliance.

Note: Compared with 12 months ago capacity was the most common limited factor for businesses to expand their activities at 40% of respondents. This was followed by finance at 30% and demand at 20%.

- 43% of respondents anticipate an increase in interest rates over the next 12 months, while 35% believe interest rates will remain unchanged during this period. 15% of respondents expect a decline in interest rates within the coming year.
- Among the respondents, 47% foresee a consistent level of investment in their businesses over the next twelve months. 25% of respondents anticipate a decrease in investment, while 19% expect to increase the level of investment in their business over the next twelve months.

Key Points

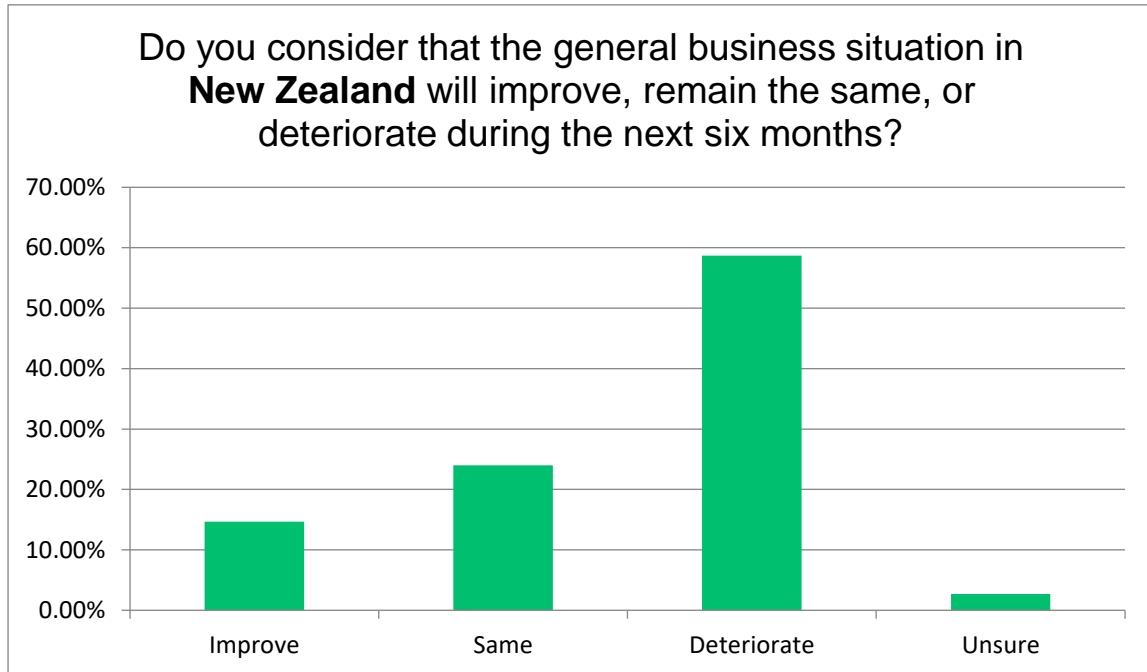
- A significant 79% of respondents encountered rising average costs, nearly half of the respondents, 49%, have experienced a decline in profitability and 33% have noted reduced sales in NZ for this quarter.

For the next quarter, the businesses expect a similar environment with 67% of respondents expecting average costs to increase, 43% expect decline in profitability, and 29% expecting a decline in NZ sales. 32% of respondents expect to increase total hours worked for the coming quarter.

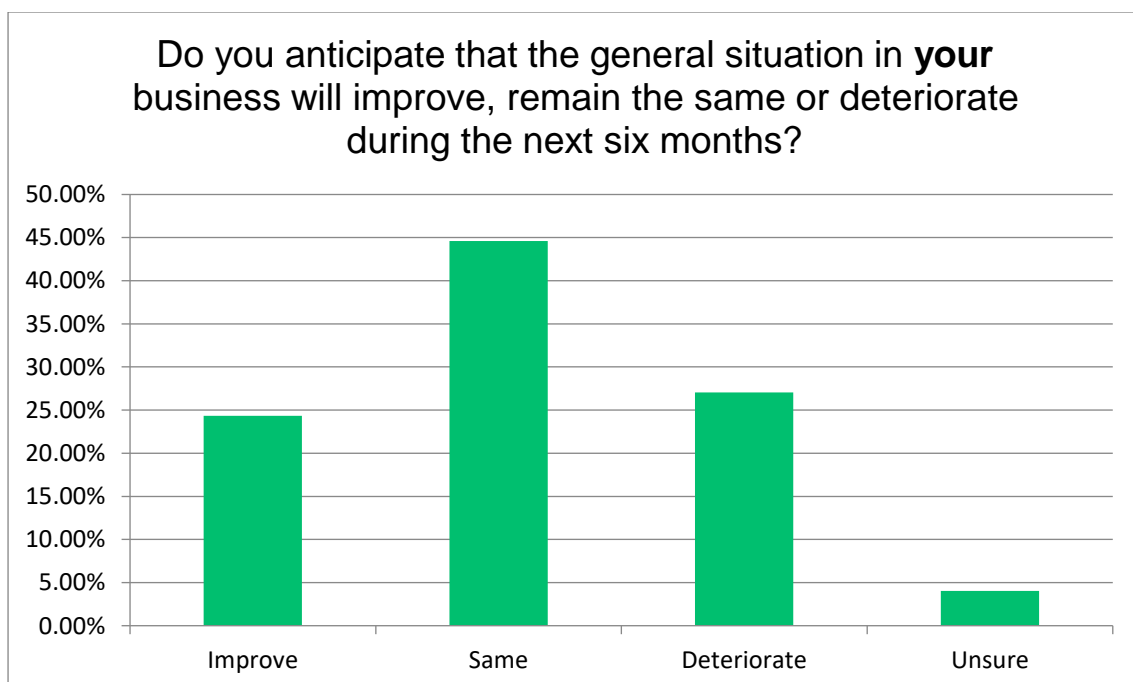
- The average level of wages increases given to staff over the last twelve months varied from 0% - 10%+. The most common increase was 6-7% with 28% of respondents, followed by 23% of respondents increasing wages by 3-5%. The majority of respondents, 53% expect an average level of wage increase of 3-5% for the next year.
- Over the past 6 months, staff costs have had the largest effect on profitability for 66% of respondents. Following behind was inflation (43%), supply chain (33%), and interest rates (27%). Respondents anticipate that these factors will continue to impact their business profitability in the upcoming 6-month period.

Summary of Results

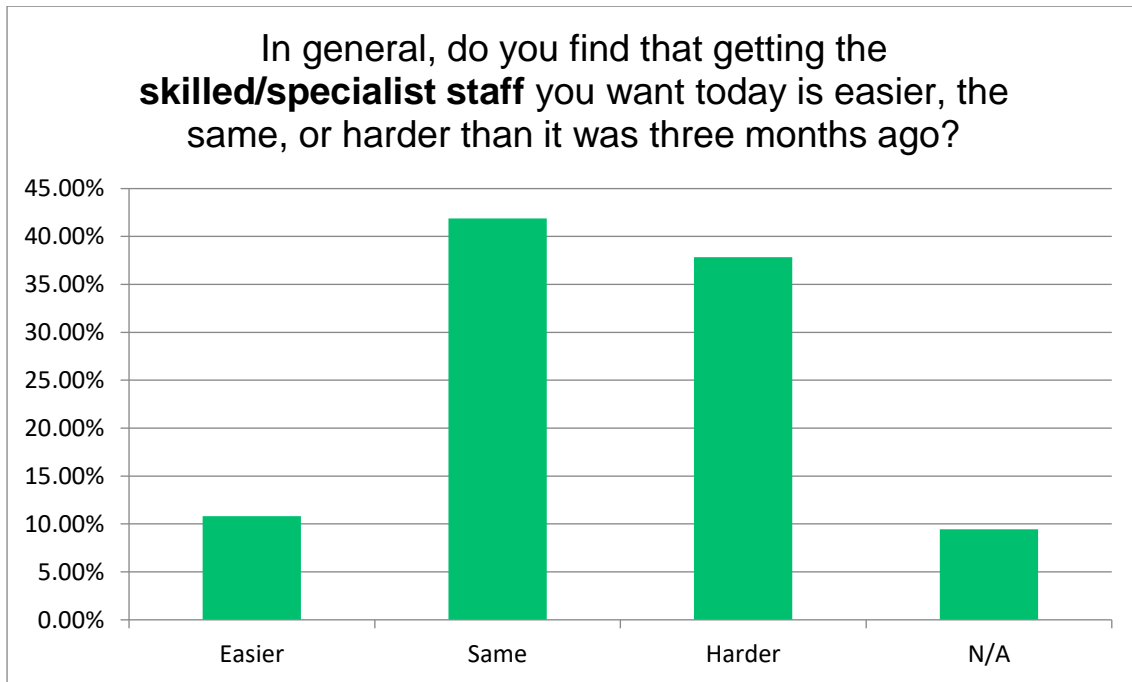
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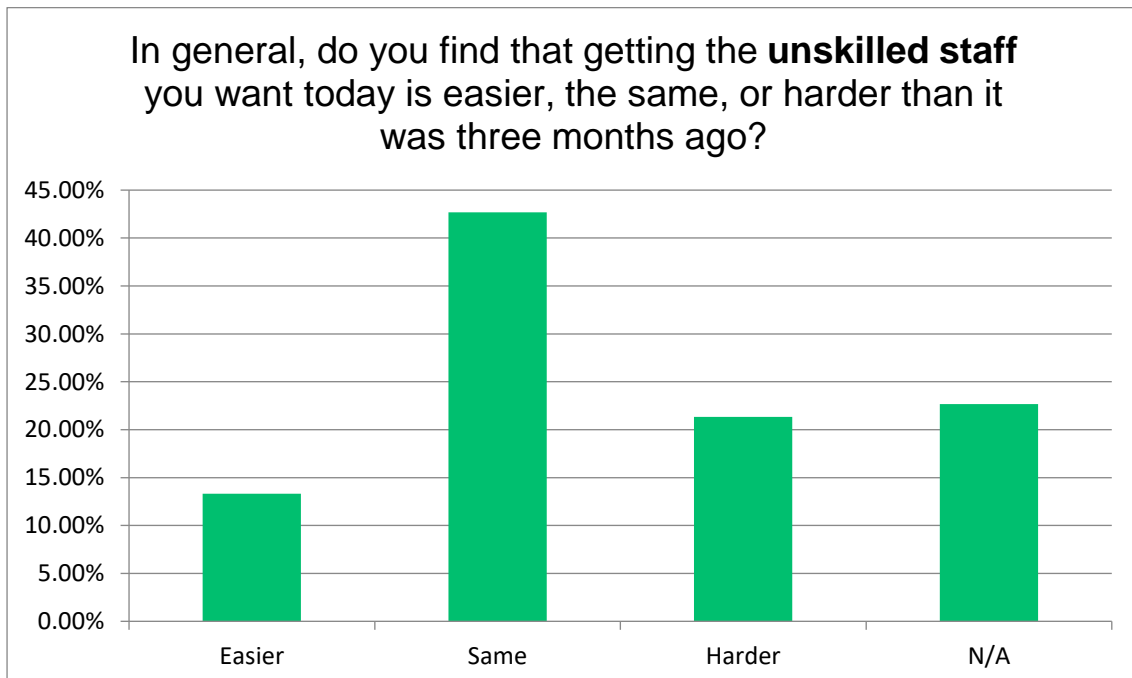
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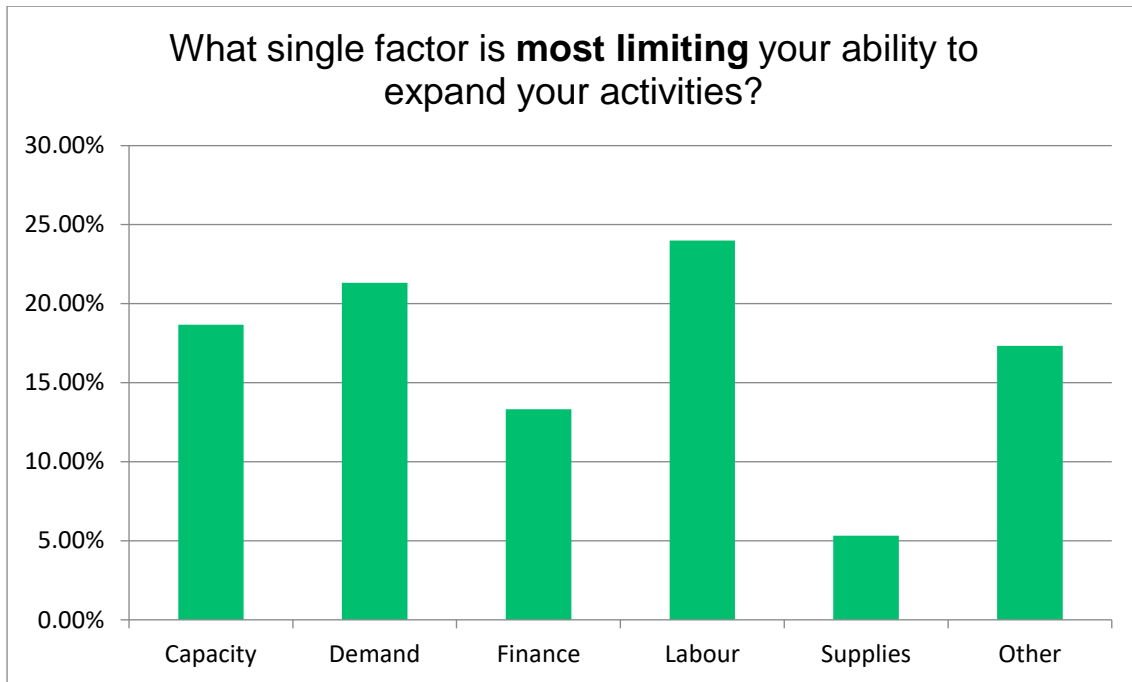
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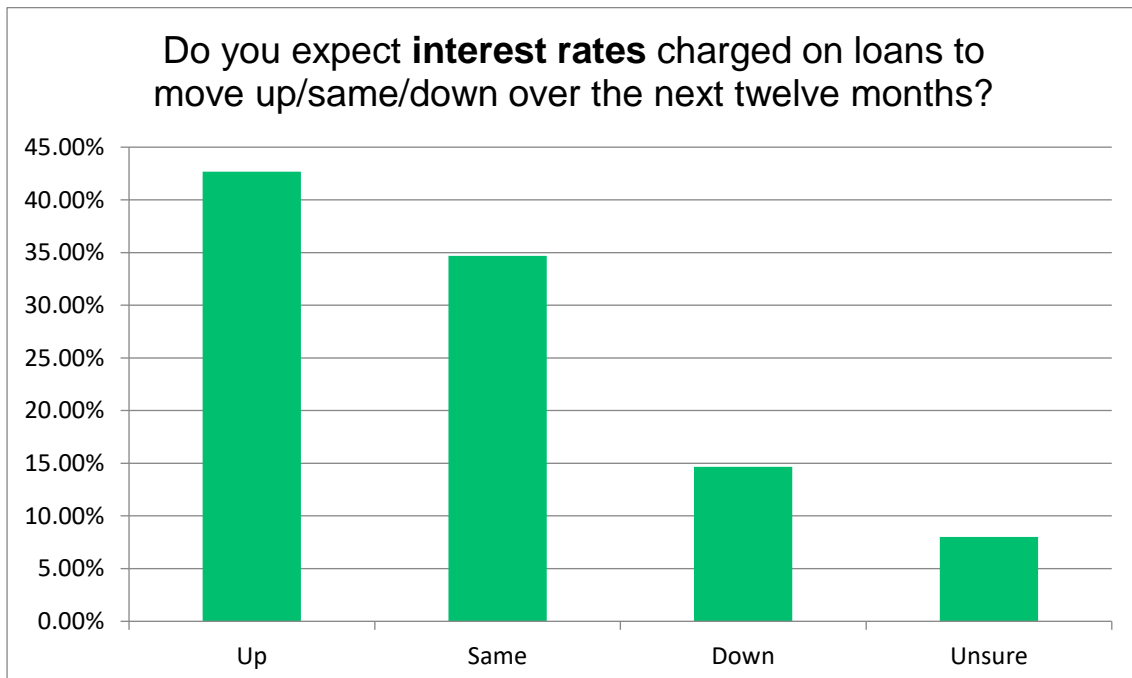
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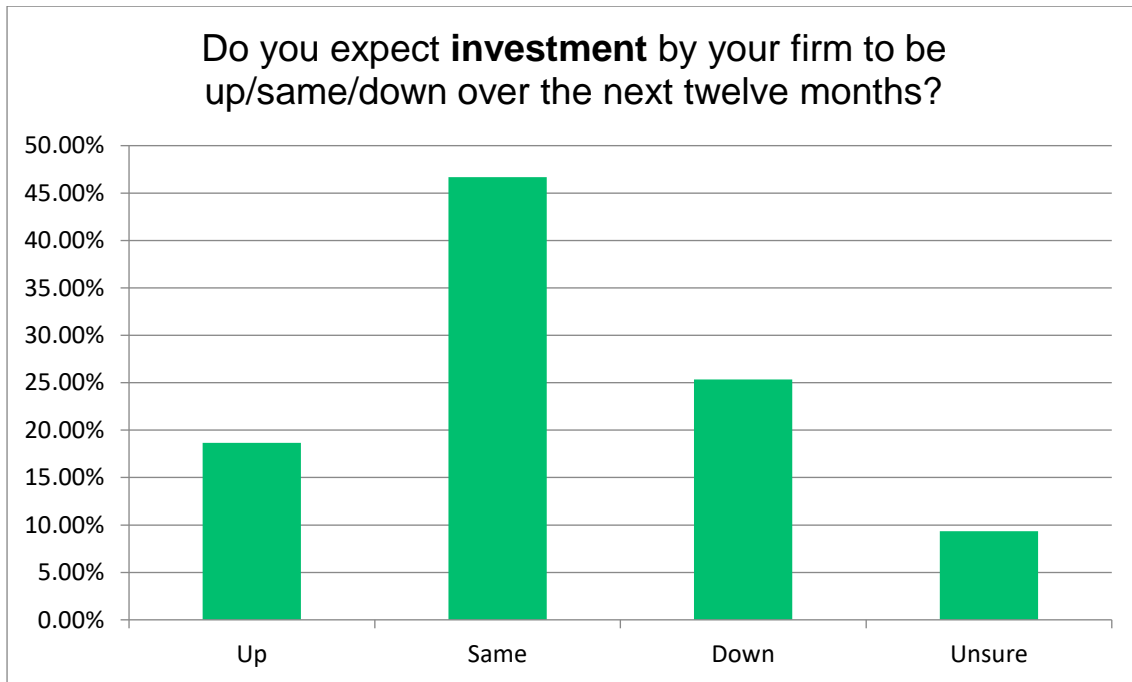
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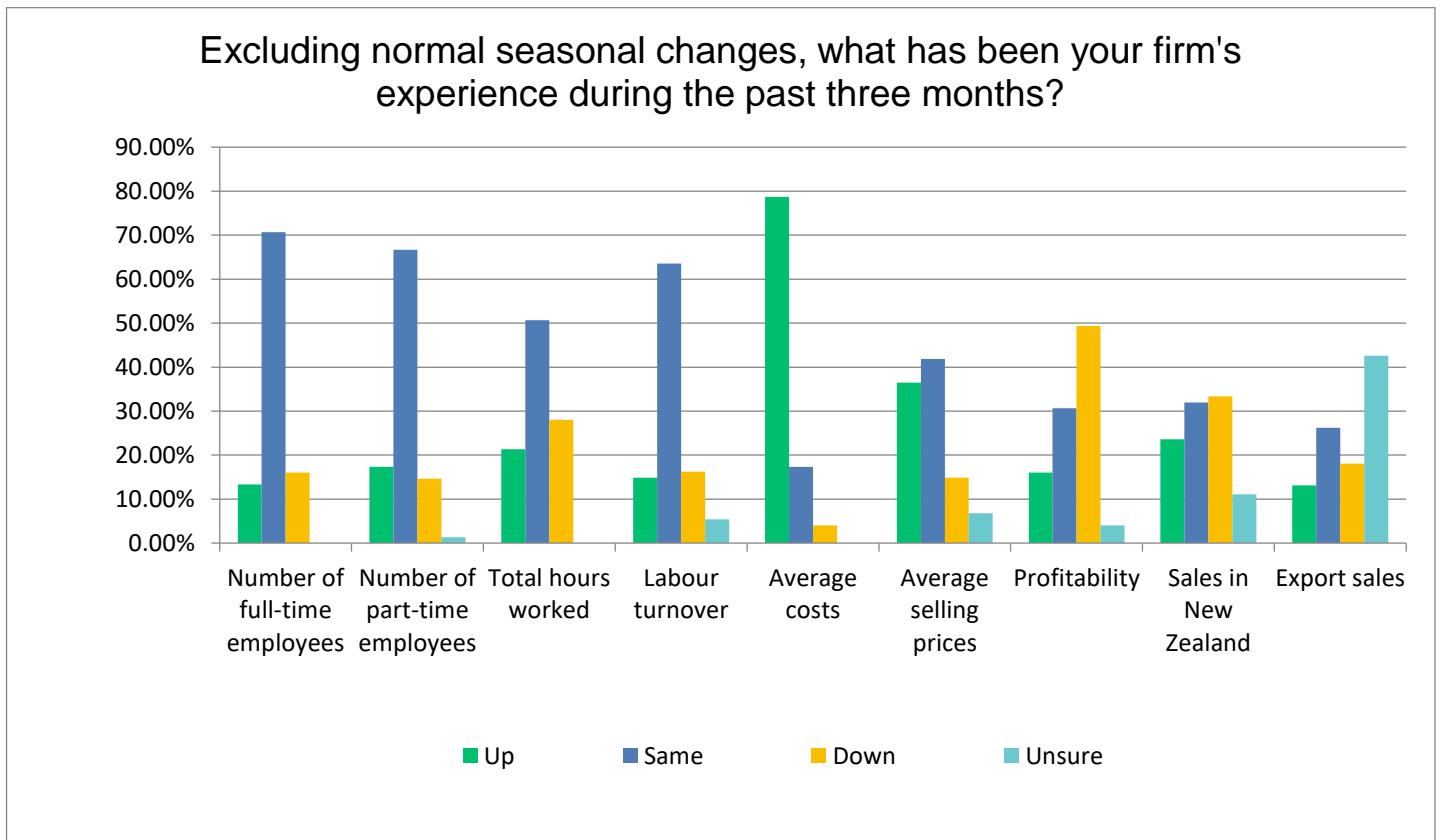
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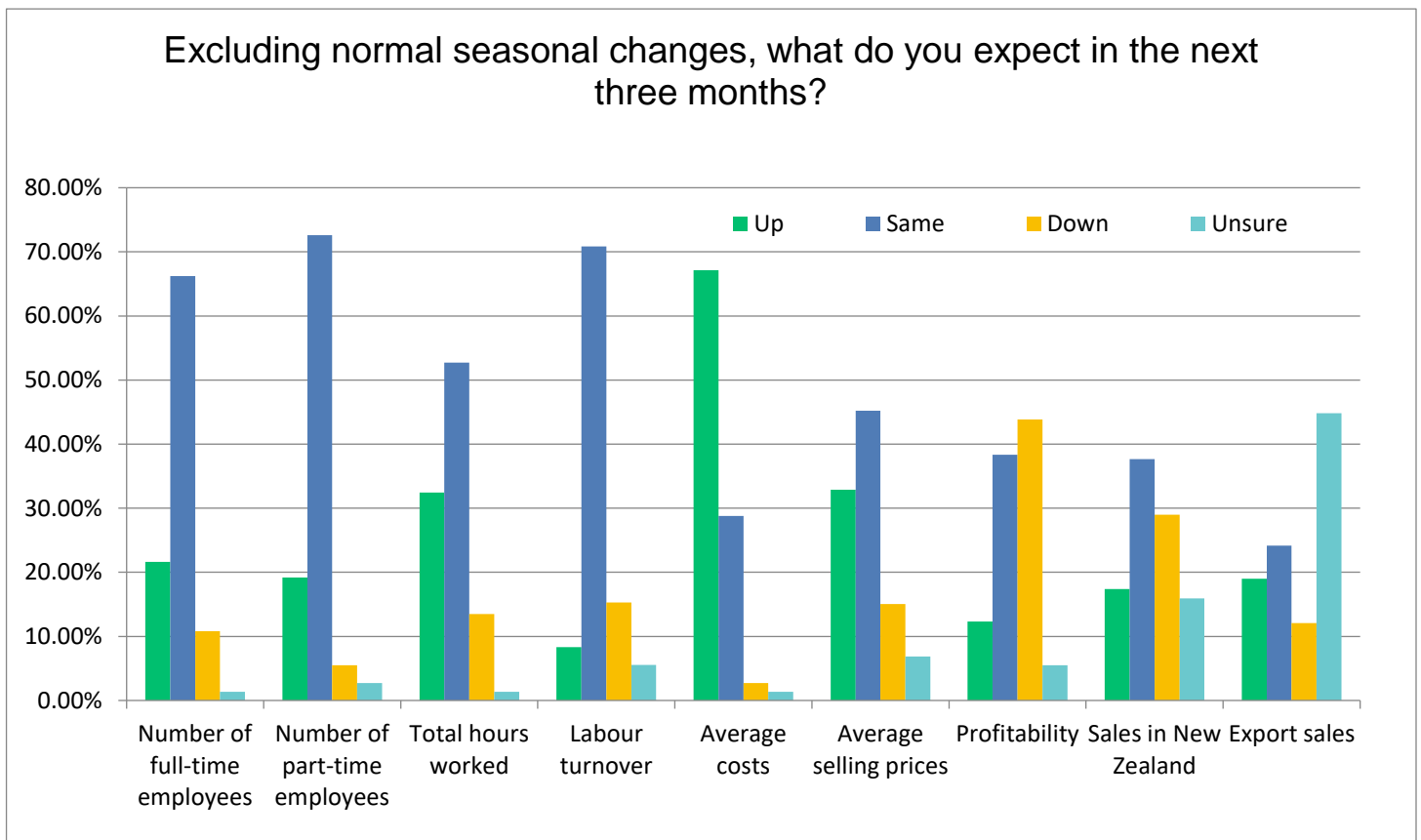
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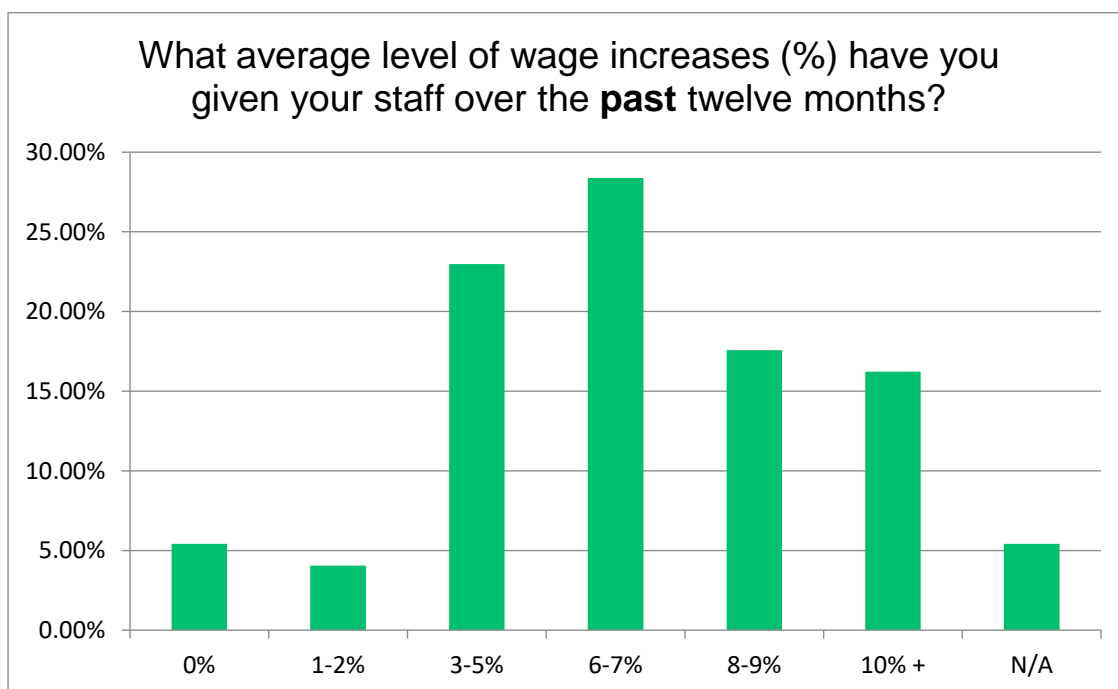
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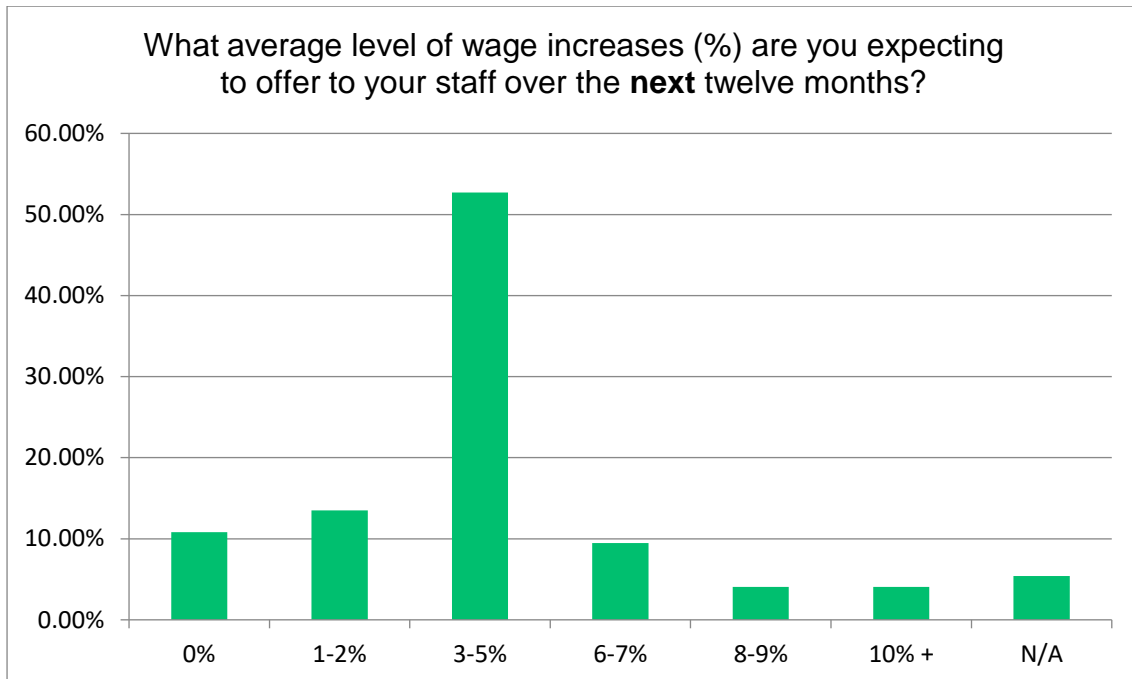
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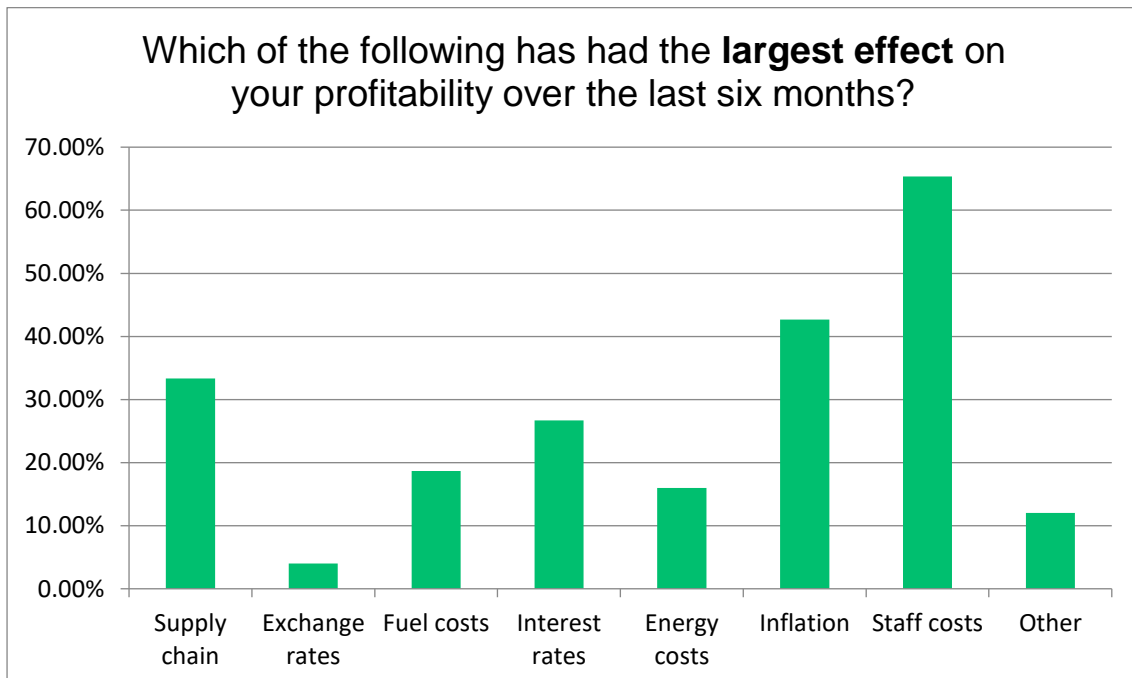
Question 10



Question 11



Question 12



Question 13

