



Open for business.



QUARTELRY BUSINESS CONFIDENCE

MAY 2024



The Southland Business Chamber has released the results of its latest Southland Business Confidence survey, for the quarter ending 31 May 2024.

The survey highlights a further drop overall business confidence to -37. Despite the drop from last quarter, 44% of businesses are positive about their financial prospects for the next year. Similarly, 23% anticipate a stronger Southland.

Key concerns identified include consumer demand, inflationary pressures, compliance costs, mental health, productivity, and labour market constraints.

With further cost increases expected by 71% of businesses, and concern about consumer demand, it is positive to see 74% of businesses plan to invest in their business, and hiring intentions increase to 66% (up from previous levels 27% and 35% respectively).

Other positives include businesses confidence in handling future disruption is strong, improvement in the labour market, and positive sentiment towards Government economic management. Continued growth in the tourism sector and the strength of the dairy industry was identified by businesses as adding strength and optimism in the Southland economy.

It is important to note that the survey responses were received prior to Rio Tinto NZAS announcement on 31 May 2024 that “Tiwai smelter to stay open in 20-year deal”. The aluminium smelter at Tiwai in Southland has secured energy supply from three generators until at least 2044, giving certainty to employees and the local community.

20%

Expect the New Zealand economy to be stronger in 12 months

93%

Believe that Southland is heading in the right direction

34%

Experienced improvement in the labour market over the past year

Top Challenges

71%

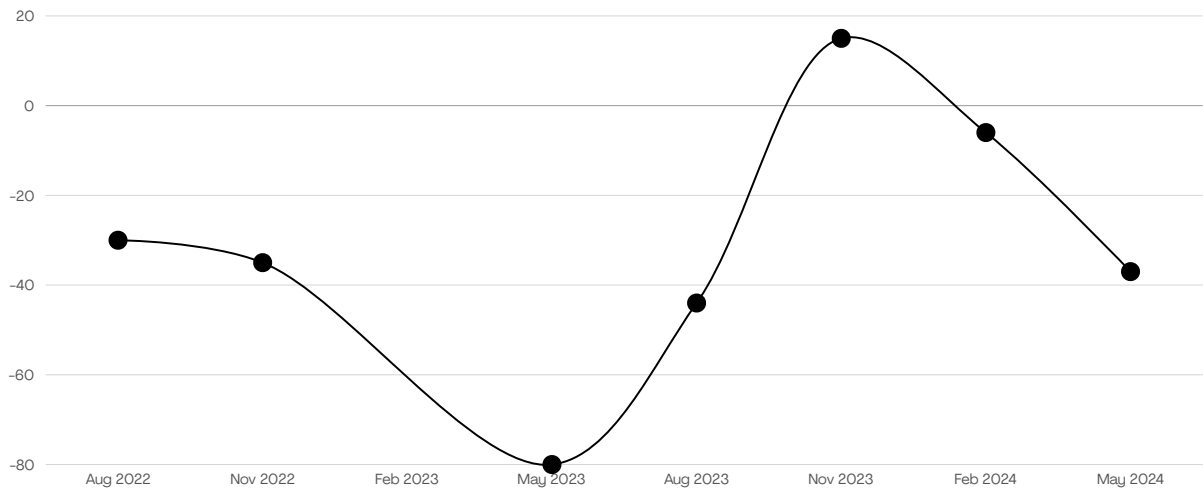
Expect costs to continue rising over the next 12 months

1. **Consumer confidence and demand** (56%)
2. **Inflationary pressure and rising interest rates** (39%)
3. **Increased compliance costs** (33%)
4. **Mental health and fatigue** (25%)
5. **Productivity and growth** (23%)
6. **Labour market constraints** (21%)
7. **Cashflow and accounts payable/receivable** (20%)

Business confidence - net positivity scores

To calculate a net positivity score, we subtract the percentage of negative responses from the percentage of positive responses. A higher net positivity score indicates a more positive overall sentiment, while a lower score suggests a more negative sentiment.

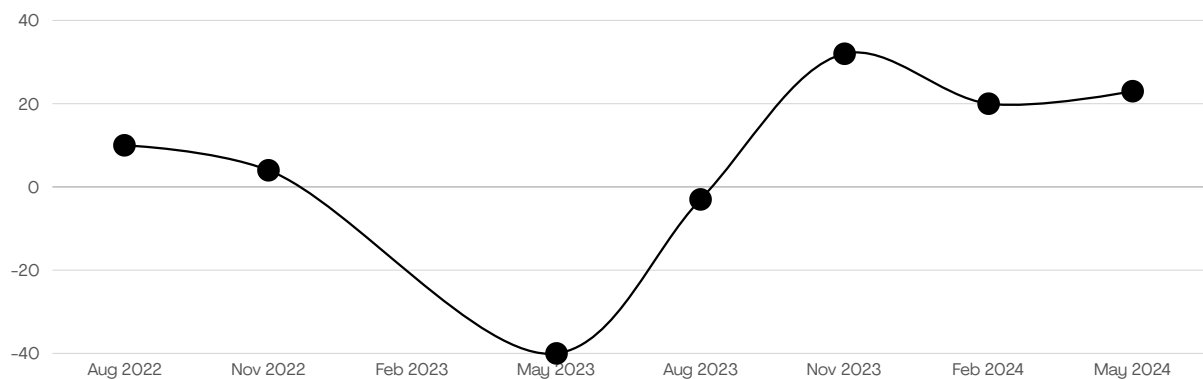
Net Positivity: New Zealand Economy



Net Positivity: Southland Economy

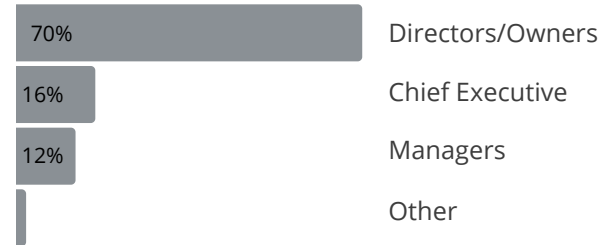
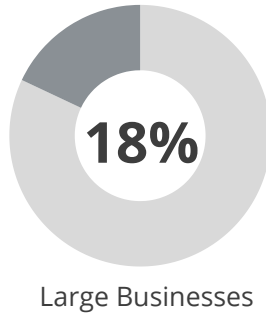
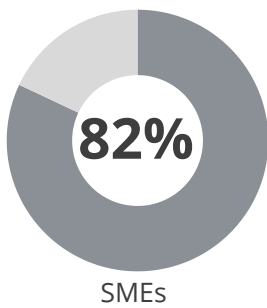


Net Positivity: Own Financial Performance



Southland Snapshot

Respondents



Experienced in past three months, excluding seasonal changes

1. Increase in average costs (71%)
2. Increase in total hours worked (23%)
3. Increase in export sales (8%)
4. Reduction in New Zealand sales (30%)
5. Reduction in profitability (38%)

23%

Expect the Southland economy to be stronger in 12 months

74%

Expect to invest in property, plant and equipment within the next 12 months

66%

Expect to hire new staff within the next 12 months

44%

Expect stronger financial performance in their business over the next 12 months.

33%

Are experiencing significant impacts from rising costs

79%

Are confident in their ability to deal with disruption