



Open for business.



SOUTHLAND BUSINESS CONFIDENCE

NOVEMBER 2024 | In field: 4 November to 29 November



Southland Business Confidence Survey

Business confidence edged up a further 2 points to +31 in November, according to the latest Business Southland survey. However, while overall optimism improved, the expected financial performance of individual businesses dropped by 8 points to +36, reflecting a more cautious outlook on future profitability.

Key findings from the survey include:

- **Economic Outlook:** 58% of businesses anticipate a stronger Southland economy over the next 12 months, up from 54% last quarter
- **Investment and Employment:** 66% of businesses plan to invest in property, plant, and equipment over the next 12 months (up from 63%), while 58% expect to hire new staff (up from 56%).
- **Disruption Preparedness:** Confidence in managing disruptions rose to 69%, a notable rise from 59%.
- **National Sentiment:** 70% of respondents believe New Zealand is on the right economic path.

The primary challenges identified by businesses include consumer confidence and demand (57%, rising compliance costs (33%), and labour market constraints (30%).

Respondents believe Southland's economic resilience is underpinned by its diverse industry base, strong community collaboration, and key sectors like agriculture and the continued operation of Tiwai Point smelter.

Sheree Carey, Chief Executive of the Southland Business Chamber, notes "These results indicate that while inflation and interest rate reductions are creating a more favourable business environment, significant challenges persist, particularly around consumer confidence, compliance costs, and labour market constraints.

"Encouragingly, the rise in investment and recruitment expectations signals cautious optimism, with businesses showing an increasing readiness to pursue growth over the next 12 months.

"To maintain this positive momentum, both local and central governments must focus on fostering economic activity by reducing regulatory burdens and enabling businesses to prioritise productivity, innovation, and growth."

56%

Expect the New Zealand economy to be stronger in 12 months (August 2024 - 49%). 25% expect the NZ economy to weaken.

91%

Believe that Southland is heading in the right direction (August 2024 - 89%)

22%

Experienced improvement in the labour market over the past year (August 2024 - 16%). 25% experienced a worsening labour market.

Top Challenges

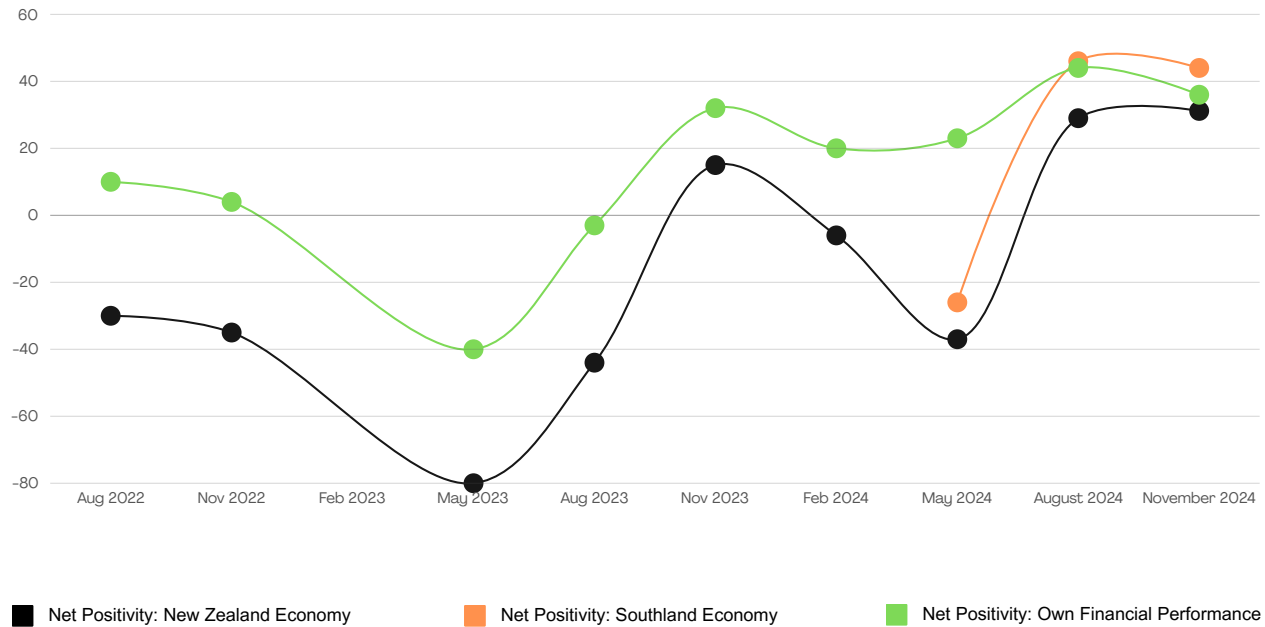
61%

Expect costs for their business to continue to rise over the next 12 months (August 2024 - 69%)

1. **Consumer confidence and demand** (57%)
2. **Increased compliance costs** (33%)
3. **Labour market constraints** (30%)
4. **Inflationary pressure and rising interest rates** (25%)
5. **Mental health and fatigue** (23%)
6. **Cashflow and accounts payable/receivable** (19%)

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.



58%

Expect the Southland economy to be stronger in 12 months (August 2024 - 54%)

66%

Expect to invest in property, plant and equipment within the next 12 months (August 2024 - 63%)

58%

Expect to hire new staff within the next 12 months (August 2024 - 56%)

52%

Expect stronger financial performance in their business over the next 12 months (August 2024 - 54%)

40%

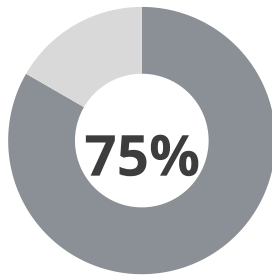
Are experiencing significant impacts from rising costs (August 2024 - 42%)

69%

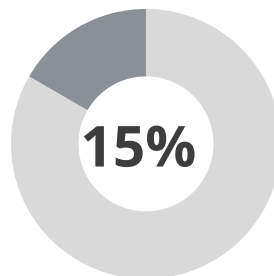
Are confident in their ability to deal with disruption (August 2024 - 59%)

Southland Snapshot

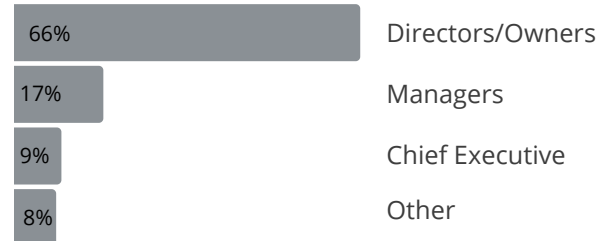
Respondents



SMEs



Large Businesses
(50+ Employees)



Excluding seasonal changes

Experienced in past three months

1. Increase in average costs (76%)
2. Reduction in profitability (49%)
3. Increase in average selling prices (36%)
4. Increase in total hours worked (33%)
5. Reduction in New Zealand sales (32%)
6. Increase in labour turnover (22%)

Expect in the next three months

1. Increase in average costs (55%)
2. Reduction in profitability (25%)
3. Increase in average selling prices (24%)
4. Increase in total hours worked (33%)