

# Quarterly Canterbury Business Survey

**FEBRUARY/MARCH 2023**

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The Quarterly Canterbury Business Survey (QCBS) is an in-depth survey conducted by the Canterbury Employers' Chamber of Commerce that canvasses employers across all business sizes, sectors, and districts throughout the region to understand expectations and confidence in both the Canterbury and New Zealand economies.

In addition, the survey seeks to understand businesses intentions to invest, their expectations of own earnings, and the barriers and challenges that businesses are presently experiencing that are prohibitive to economic growth to paint a more complex snapshot of regional economic performance.

Responses for the QCBS for February/March 2023 were collected from 1 February to 12 February 2022. The majority of which were collected from The Chambers' 2,700 members.

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## THE CANTERBURY ECONOMY

22.5% of businesses expect the strength of the Canterbury economy to improve in 12 months' time compared to today. 30% expect the strength of the economy to remain the same. 48.3% of businesses expect the strength of the Canterbury economy to worsen, compared to 53.2% in the previous QCBS.

Canterbury businesses cite the positive attitude within the region, the relative ease of doing business, sufficient housing stock and reliable infrastructure with a strong backbone of the primary, manufacturing and construction industries as the most positive attributes of Canterbury when compared to other regions.

## BUSINESS PERFORMANCE

47.19% of businesses surveyed expect their own earnings to have substantially or moderately improved in 12 months' time compared to now - a significant increase on the previous quarter. This compares to 19.10% who expect their own business' earnings to be moderately worse and 3.37% who expect it to be substantially worse.

In the previous Quarterly Canterbury Business Survey conducted in October 2022, 32.2% of businesses held expectations that their own earnings would improve.

74.2% of businesses expect to invest in their business within the next 12 months. 25.8% have no intention to invest. This includes new plant and equipment, training and upskilling existing staff, investing in new staff and acquiring additional resource. This is compared to the previous quarter where 62.3% of businesses expected to invest.

Canterbury businesses, by and large, remark that their own performance is "steady as she goes". Those surveyed have commented that they are experiencing an increase in demand, with tourist spend contributing to part of this, in addition to strong staff performance and retention within the region - with minimal poaching occurring despite significant labour market constraints.

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## SUSTAINABILITY

Canterbury businesses have a strong interest in managing their environmental footprint. We asked businesses to share their willingness to invest in sustainability and carbon reduction actions.

28.7% of businesses place sustainability at the front of mind of everything they do.

36.8% often consider sustainability but not yet at the front of mind.

Only 2.30% of businesses surveyed are not interested in sustainability.

22.1% of businesses are willing to invest in carbon measurement, carbon reductions and/or carbon offsetting within their business.

26.7% are willing to invest but are unsure of the best way to proceed or are worried about the additional cost.

## THE BIG ISSUES

The Quarterly Canterbury Business Survey asked businesses to share the top issues that are concerning them most at present - issues that are creating a barrier to performance, growth, and productivity. The ten biggest issues are listed below with the percentage of businesses who ranked them as a priority (top three) issue.

Labour market constraints	59%
Inflationary pressure and interest rate rises	44%
Consumer confidence levels	38%
Employment law changes including Fair Pay Agreements	25%
Immigration policy settings	25%
Crime and antisocial behaviour	23%
Supply chain constraints	23%
Productivity and growth	20%
Access to capital and ability to service debt	15%
International trade and geopolitical risk	13%

Labour market constraints remain, by far, the biggest issue affecting Canterbury businesses. Those surveyed remark that access to both additional staff and skilled staff is a continued problem with fit-for-purpose immigration settings likely to have the most immediate positive short-term effect.

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## LAW AND ORDER

30% of businesses surveyed have been impacted by crime and/or antisocial behaviour within the previous 12 months.

60.9% of businesses hold the view that crime and antisocial behaviour is getting worse within the Canterbury region citing the rising cost of living and lack of immediate consequences as contributing factors, with 32.9% holding the view that the level of crime and antisocial behaviour remains the same.

## THE LABOUR MARKET

3.9% of businesses surveyed find it easier to acquire and retain new staff now compared to 12 months ago. 39% find it the same. 57.1% find it more difficult. This compares to the previous quarter where 69% of businesses found it more difficult.

60.8% of Canterbury businesses intend to hire new staff within the next three months.

12.5% of businesses have advertised roles overseas within the past 12 months and 10.3% have successfully hired new staff from overseas irrespective of whether it was advertised or not. This is significantly less than the previous quarter.

Only one respondent to the survey was satisfied with their experience with Immigration New Zealand with the majority of businesses surveyed remarking the process was difficult, cumbersome and overwhelmingly not understanding of business requirements.

In the previous 12 months, 34.2% of businesses surveyed have employed staff from outside of the Canterbury region who have subsequently relocated to Canterbury from other regions within New Zealand.

The majority of businesses surveyed have remarked that their business has been negatively impacted by labour market shortages with some estimating up to 20% of profits have been lost as a result. Some businesses have not predicted the financial impact at all, nor expect it to have any significant financial impact.

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## THE GOVERNMENT

When asked how the Government is performing when it comes to managing the broader New Zealand economy, compared to 12 months' ago, 35% of businesses surveyed think performance is moderately worse. 31.25% think performance is substantially worse. 7.50% think performance is substantially or moderately better. All others remain the same.

Right direction or wrong direction? The majority of businesses - 78% of those surveyed - think New Zealand is heading in the wrong direction. This is by and large the same as the previous quarter.

Following the recent role changes within the Government, the majority of businesses have no change in confidence in the Government to deliver positive outcomes for business. 22.5% of those surveyed have more confidence.

75.3% of businesses think New Zealand's political parties are not sufficiently engaged with the business community.