

Press release

Monday 27 June 2011

Businesses anticipate more of the same

The latest Taranaki Business survey reveals a renewed confidence in economic conditions over the coming year.

Those showing optimism in the nationwide economic situation rose from 32 percent to 54 percent of Taranaki businesses, above the 41 percent expecting more of the same and 5 percent expecting deterioration.

There has also been a decline in the number of companies predicting bleak conditions within their own industry – down to 3 percent – contrasting with equal levels of optimism and expecting the status quo on 48 percent each.

Sale expectations over the next 6-months show similar levels of confidence, with optimism and expectation of more of the same again roughly equal, and the numbers anticipating a deterioration in sales declining since December 2010.

Fuel, electricity and wage costs remain the top three concerns for the region's businesses, with fuel costs wage costs and the exchange rate rating as bigger concerns than they were in December 2010.

Employee numbers remain stable, with 73 percent of businesses expecting staff numbers to remain the same. The number of businesses anticipating staff level reductions in the coming six months dropped slightly to 8 percent with a corresponding rise in those expecting to increase staff numbers – up to 16 percent.

The survey has also identified a slight increase in the number of the region's businesses experiencing difficulties in hiring new staff - up to 18 percent.

Special topic: Professional Training

To learn more about the broader growth of business skills in the region, Venture Taranaki sought the opinions of businesses on whether and how frequently they utilised tertiary education providers to assist with staff development.

28 percent of the region's businesses utilise tertiary providers for staff training and development, with WITT attracting 30 percent of this market in the last 3 years.

Other polytechs and Massey University each attracted 22 percent of those utilizing tertiary training, while 18 percent went to other universities and 8 percent PEI.

Special topic: Budget 2011

The May 2011 survey also sought the reactions of the region's businesses to a number of the key announcements in the 2011 Budget.

Businesses were generally unsupportive of the initiative to raise the compulsory employer contribution to KiwiSaver accounts from 2 percent to three percent. Over 50 percent of the region's businesses do not support this move, 26 percent have no opinion on it and 23 percent support the move.

The proposed reduction in the tax credit from KiwiSaver contributions attracted similar levels of support from the region's businesses, with 46 percent not supportive of the change and 25 percent supporting.

Proposed changes to Working for Families found more favour with Taranaki businesses, with 58 percent supporting the changes.

Tightening the eligibility of student loans was also well supported by the region's businesses with 76 percent favoring the move. This trend extended to the proposal for shortening the repayment holiday for borrowers based overseas, with 82 percent of businesses supporting such a move.

The funding announced to create more trade and service academies found 52 percent support from Taranaki, and increasing the rollout of ultra-fast broadband to schools was supported by 66 percent of the region's businesses.

On the issue of increasing private ownership in a number of state assets, 48 percent of Taranaki businesses support greater privatization of Air New Zealand (with 23 percent not supporting) and 44 percent support greater private ownership of energy companies (29 percent opposing).

There was considerable support for the proposed public sector spending reduction of \$980million over the coming four years, with almost two thirds of businesses finding favour in the announcement.

Overall Taranaki businesses ranked the budget 6.5/10, up slightly from last year's 6.0 ranking.