

Press release

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Optimism reaches record levels

Venture Taranaki's latest Taranaki Business Survey has found the region's businesses are expecting strong sales, improvements within their industries and strong growth across the national economy.

The survey is sent to over 1,000 of Taranaki's 14,488 businesses, and covers a cross section of business sectors and business sizes throughout the region. It has been conducted every six months since 1999.

This June 2013 edition returned the highest level of confidence in the survey's history. Overall, a record 57.4 percent of the region's businesses expect national economic conditions to improve over the coming 12 months, while just 2 percent expect things to get worse.

Optimism within respondent's own industries was similarly buoyant, with 53 percent expecting things to get better, up from 47 percent in December, and another record high. At the other end of the scale, a record low 4 percent expect their industry to deteriorate over the coming year.

When it comes to sales, there has been a slight drop in expectations over the next six months, from 65 percent in December to 60.7 percent in this survey, though on a seasonal basis this is also a high. Also heartening is that the number of businesses expecting sales volumes to decline has halved from 6.1 percent to 3 percent since December.

"Overall this is the most positive outlook we've had from the region's businesses since we began the survey in 1999," says Venture Taranaki Chief Executive Stuart Trundle.

"It's likely a reflection of a range of factors, from strong performance in the oil and gas sector and positive trends in the dairying sector, right through to the confidence inspired hosting major events such as WOMAD and the recent All Blacks test match."

The biggest issues weighing on the minds of business owners and managers are the prices of fuel and electricity – though less concerning than in December last year – and labour availability and wage costs, which have both risen since December.

This is underscored by over a third of respondents stating they expect employee numbers to rise in the next six months, the highest result since the survey began.

The survey also showed increased skill shortages and difficulty hiring the right staff with 31 percent of businesses having trouble getting staff, a steady climb from a low of 14 percent in December 2010.

“This reinforces feedback we’re receiving from businesses that Taranaki is again becoming a land of opportunity for skilled and motivated job seekers. It’s important to note that there’s demand across the regional economy – it’s not just engineers and electricians who are in demand,” Stuart says.

“It’s also confirmed that as a region we need to be working together to get our former residents home, and welcome new migrants.”

Budget initiatives for business

The mid-year survey gives a chance for the region’s businesses to review the Government’s annual Budget announcements. Of the four key initiatives targeted to the business community, proposed reductions to the ACC levy found the highest level of favour, further reinforcing the rising concerns around staff and wage costs.

Increased Government investment of \$100 million into internationally-focused business growth was second most popular, while new tools to enable the Reserve Bank to better insulate the economy from peaks and troughs and initiatives enabling start-up companies to claim tax losses on R&D rounded out the ranking.

Asset sales the right move

A total of 41.8 percent of respondents supported the continuation of the Government’s asset sales, while 35.2 percent don’t support the programme.

A stronger 48.7 percent of the region’s businesses state that it benefits the economy, while 28.2 percent don’t see an economic benefit. A consistent 23 percent have no strong feeling on either the issue or its economic benefits.

Feedback was mixed, though the need to ensure the proceeds were invested in infrastructure and that the assets remain New Zealand owned were core themes.

When it came to how the asset sale proceeds are reinvested into the economy, the Government’s proposed Future Investment Fund found favour with Taranaki businesses, with 62.9 percent viewing it as positive, against 14.5 percent negative. Feedback was heavily focused on strategic investment – infrastructure, education, and wealth creation were all strong themes.

Drought hits rural economy

The drought conditions of early 2013 impacted on 23.6 percent of the survey respondents, with a quarter of these businesses stating they are still to recover, the survey found.

When it came to specific impacts, the responses of businesses were many and varied, though the effects were keenly felt in the rural sector and its supply chains, whether through increased feed requirements, lower production volumes or reduced cash flow.

However, a silver lining was felt by some businesses, with increased visitor numbers and increased sales of cold drinks reported.

Provincial flight links

The survey also looked at business air travel to and from Taranaki, to help inform decisions around airport and air travel strategy.

The survey found that 56.4 percent of respondents fly in or out of Taranaki for business at least twice a year – 28.2 percent at least once a month. Over 30 percent expect their amount of air travel for business to increase over the coming year.

“These results emphasise that Taranaki is not an isolated economy, and that business success is frequently driven by the ability to attract contracts and work from outside the region,” Stuart said.

Taranaki business travellers most frequently fly to Auckland and Wellington, with many then heading trans-Tasman.

When it came to adding further destinations to the region’s departure list, direct links to Hamilton, Tauranga, Napier and Australia, and more frequent flights to Christchurch were on the wish list.

View the full results at www.taranaki.info/business