

# TARANAKI BUSINESS SURVEY RESULTS

December 2022

# TARANAKI BUSINESS SURVEY

The six-monthly survey has been undertaken by Te Puna Umanga/ Venture Taranaki (VT), the Regional Development Agency, since 1999. The results of this survey are of particular interest and indicate the current state of business confidence and key business indicators across the Taranaki region.

In this survey we ask standard questions about perception of the current economic state, and confidence for the future. This enables us to compare year-on-year the business confidence and outlook for our region. We also ask some special topic questions, specific to an issue relevant to the business community. The special topics for this survey are Business planning, Risk scenarios and Opportunities for 2023

This survey was opened on Thursday 24 November 2022 and closed on Friday 9 December 2022.

Questionnaires are sent to approximately 2,200 enterprises throughout Taranaki, and across a range of industry sectors. The survey link is also shared via social media channels. With 160 respondents, the response rate is approximately 7.2% and average completion rate is 81%. This survey is open to enterprise owners and managers only. A breakdown of the respondent profiles is included on pages 32-35.

If you have any questions regarding this survey, please contact Venture Taranaki - [info@venture.org.nz](mailto:info@venture.org.nz).

If you would like to join the business survey list, please [click here](#).

# SUMMARY

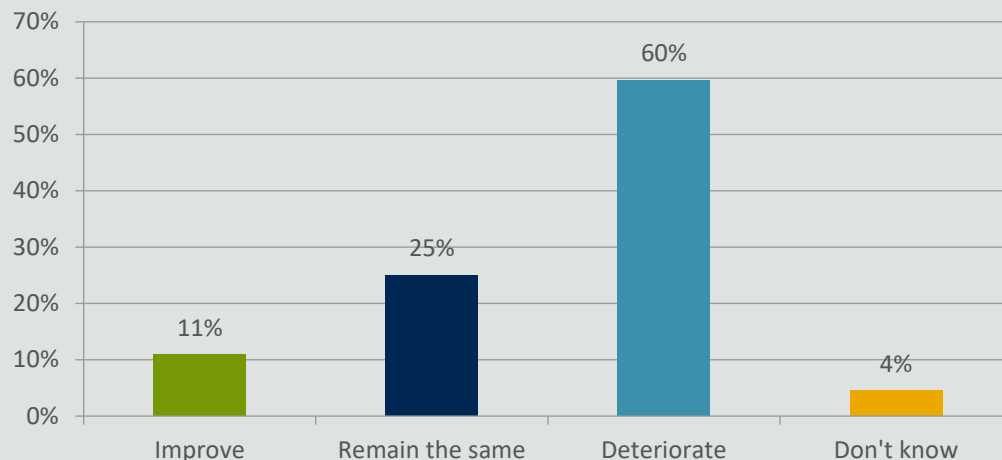
- There are significant concerns from businesses in Taranaki about the economic outlook for New Zealand in 2023.
- Businesses view the outlook of their own industry slightly more positively although this has declined since June 2022.
- Skill shortage pressures in the region have eased slightly in the last 6 months, however businesses are struggling to secure specialist and other skills.
- The costs of business are a key concern, including, price of fuel, wage rates/staff costs, and interest rates.
- The outlook for employment, indicates stability – with the majority of respondents anticipating they will be retaining staff numbers.
- Businesses are planning ahead, building inflation and agility into their forward practices.
- Over the next five years, the region's strengths, such as energy and agriculture/food production will remain key to our economic success, however they will need to front foot change to remain relevant. New industries could also evolve in the face of emerging opportunities.

# ECONOMIC CONDITIONS



# BUSINESS CONFIDENCE: NEW ZEALAND

Question 1: In the next 12 months, do you expect the general business situation in **New Zealand** to:

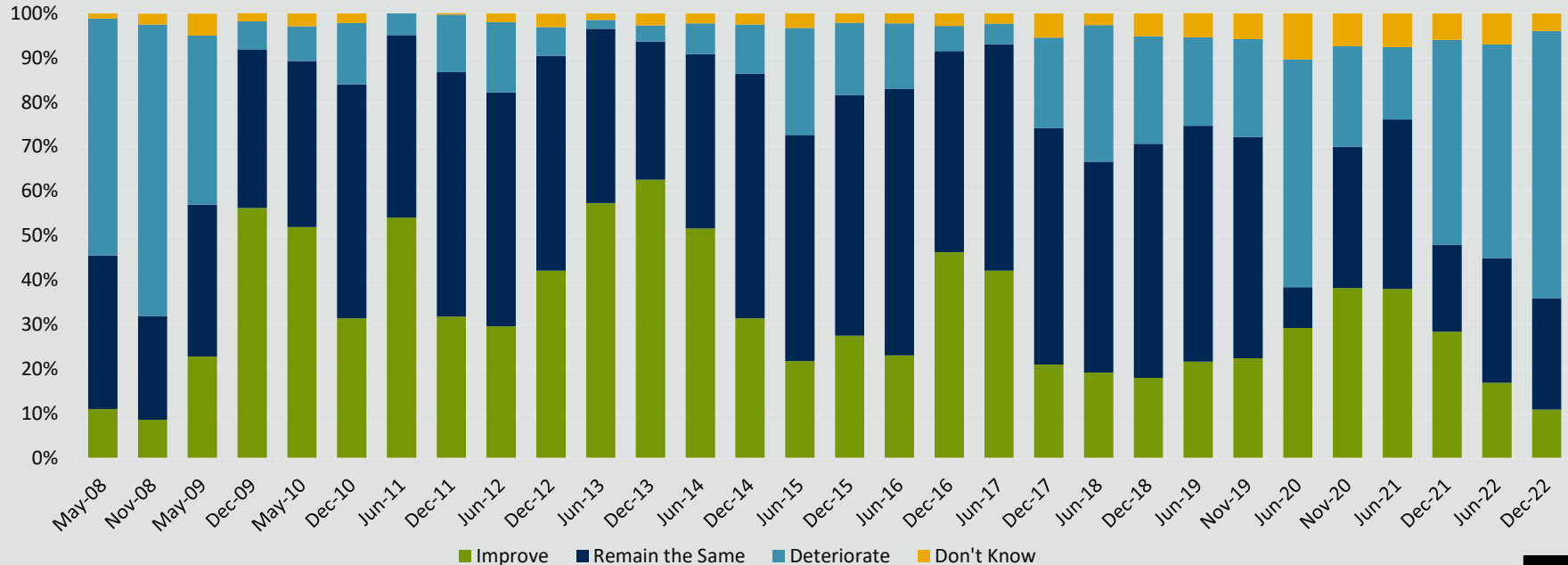


60% of respondents anticipate the general business situation in New Zealand to deteriorate, compared with 48% in the June 2022 survey. This is higher than the 'Covid 19' 2020 time and the highest point since 2008.

11% of respondents expect improvement, compared with 17% in the June 2022 survey. This is the lowest point for this figure since 2008 as well.

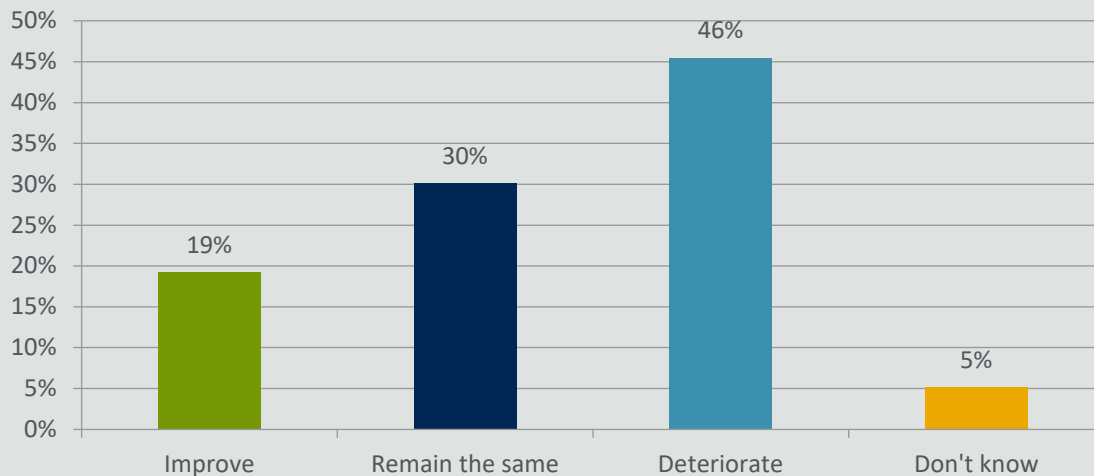
# BUSINESS CONFIDENCE: NEW ZEALAND YEAR ON YEAR SUMMARY

In the next 12 months, do you expect the general business situation in New Zealand to:



# INDUSTRY OUTLOOK

Question 2: In the next 12 months, do you expect business conditions in your **industry sector** in New Zealand to:



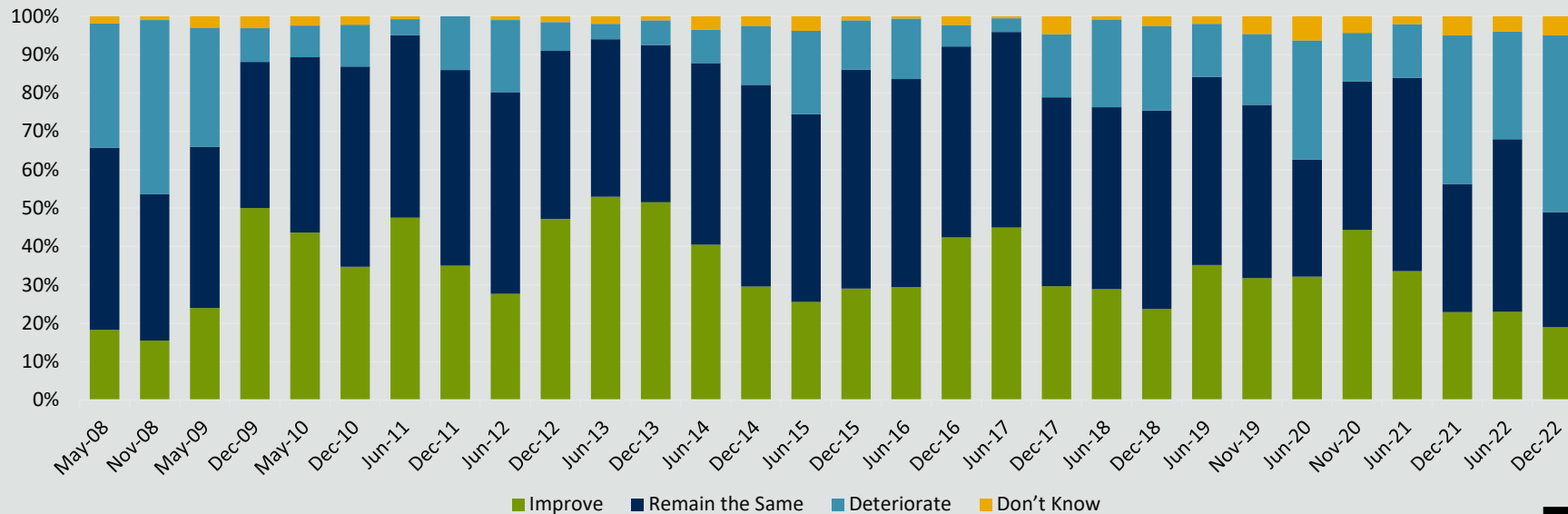
46% of respondents anticipate the business conditions in their industry to deteriorate, compared with 28% in June 2022. This is the highest point for this figure since 2008.

30% of respondents expect their industry conditions to remain the same.

19% of the respondents expect improvement, which reached to the lowest figure since 2008.

# INDUSTRY OUTLOOK: YEAR ON YEAR SUMMARY

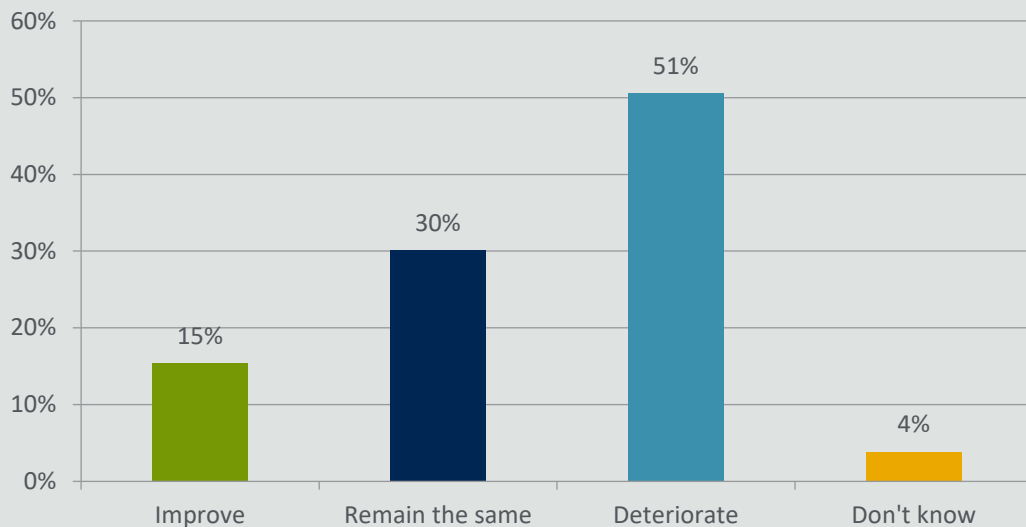
In the next 12 months, do you expect business conditions in **your industry sector** in New Zealand to:





# BUSINESS CONFIDENCE: TARANAKI

Question 3: In the next 12 months, do you expect the general business situation **in Taranaki** to:

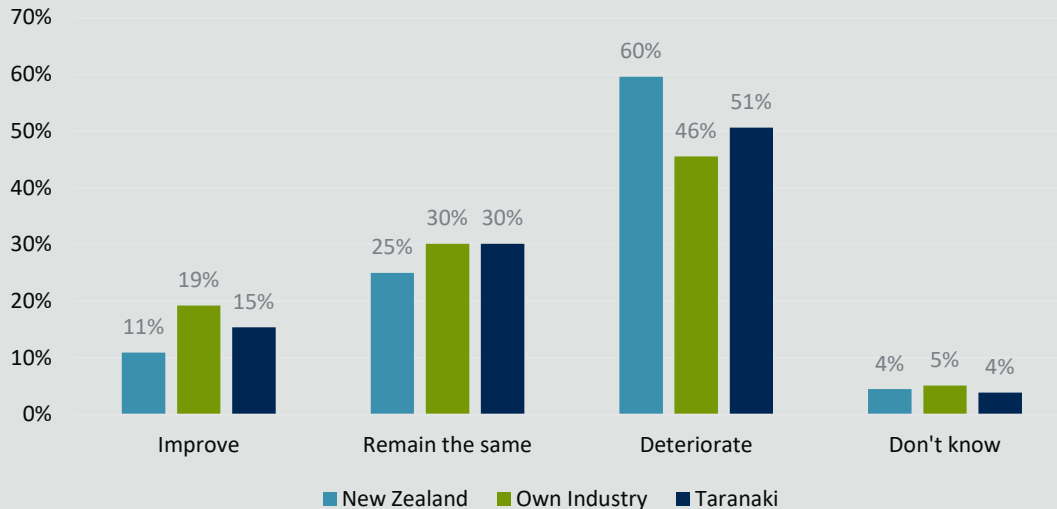


51% of respondents anticipate the general business situation in Taranaki to deteriorate, compared with 36% in last June 2022.

However, nearly 45% of respondents expect the general business situation in Taranaki to remain the same or improve.

# NZ VS. INDUSTRY VS. TARANAKI

## Conditions over the next 12 months

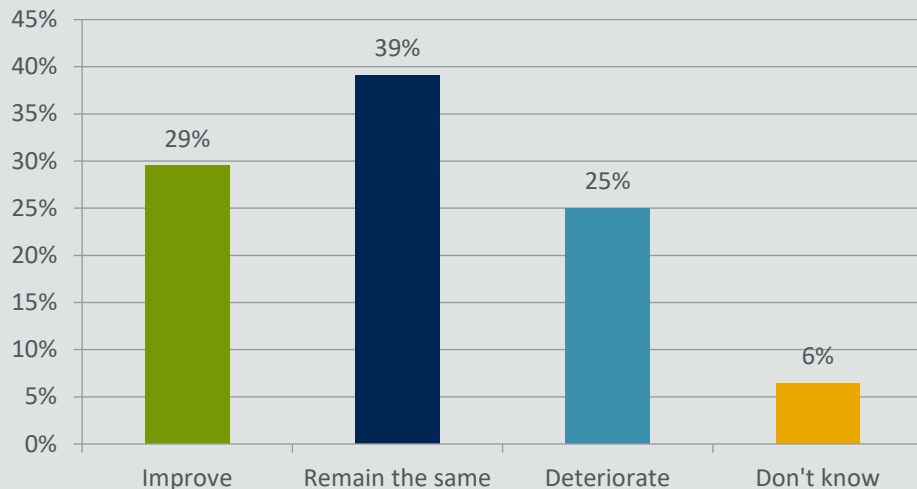


Respondents have expressed strong concerns about the outlook for New Zealand and are also concerned about the outlook for Taranaki.

However, respondents are viewing relatively more positive, the outlook for their own industry.

# SALES FORECAST

Question 4: In the next 6 months, do you expect your company sales/customer levels/bookings to:

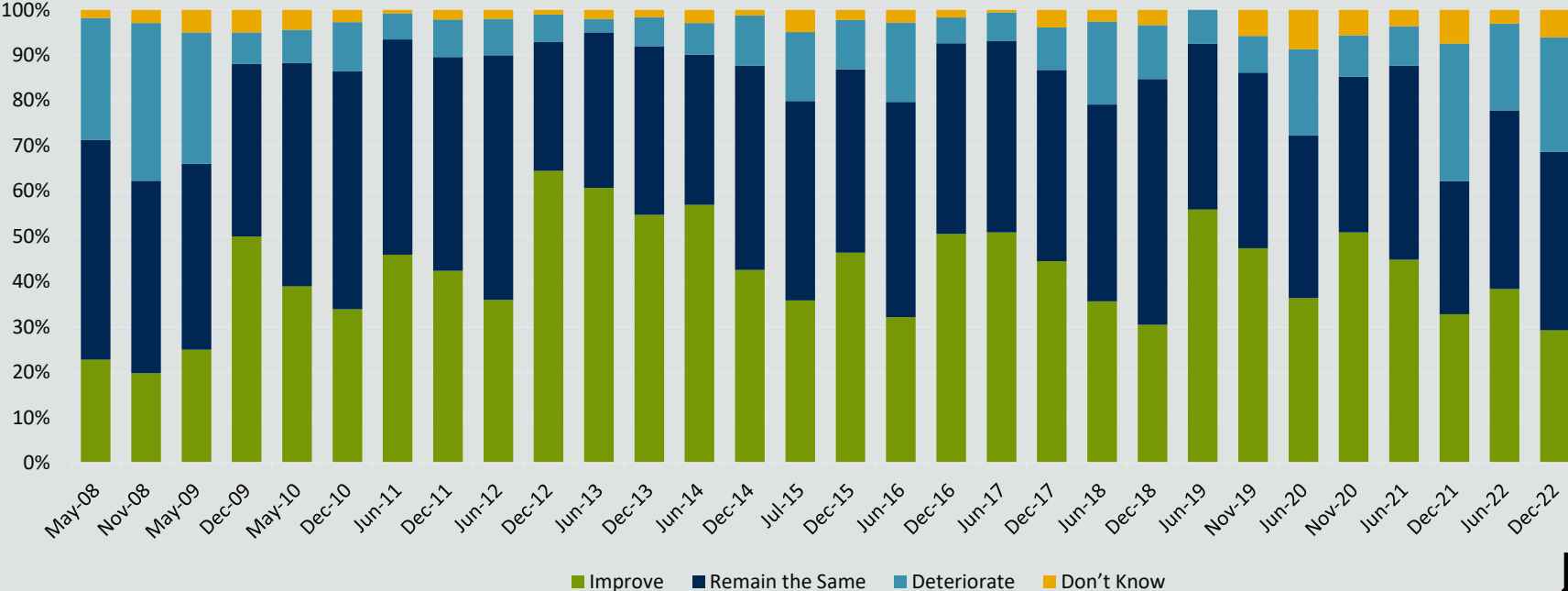


29% of respondents expect their sales levels to improve over the next 6 months, a drop compared to June 2022 from 38%.

25% of respondents anticipate sales to deteriorate. 39% of respondents expect no change in the next 6 months.

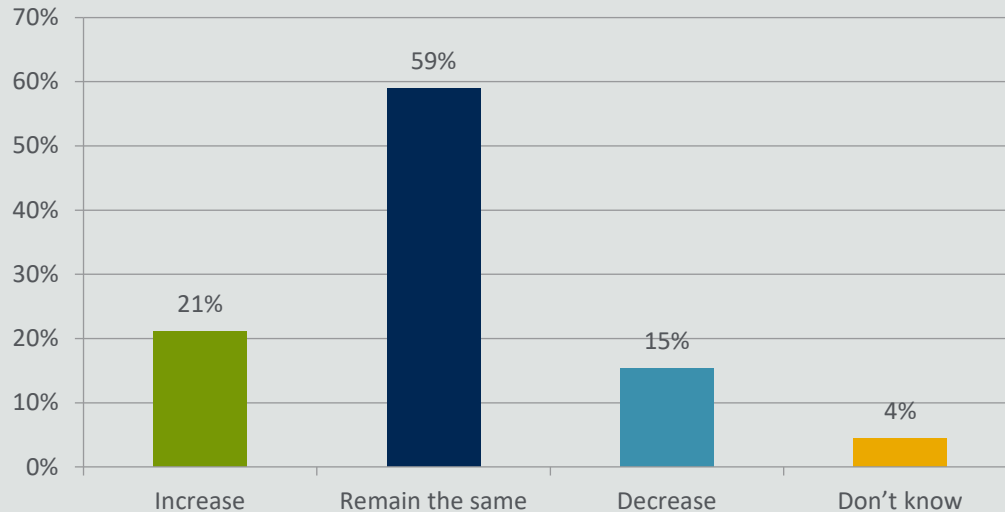
# SALES FORECAST: YEAR ON YEAR SUMMARY

In the next 6 months, do you expect your company sales/customer levels/bookings to:



# EMPLOYEE NUMBERS

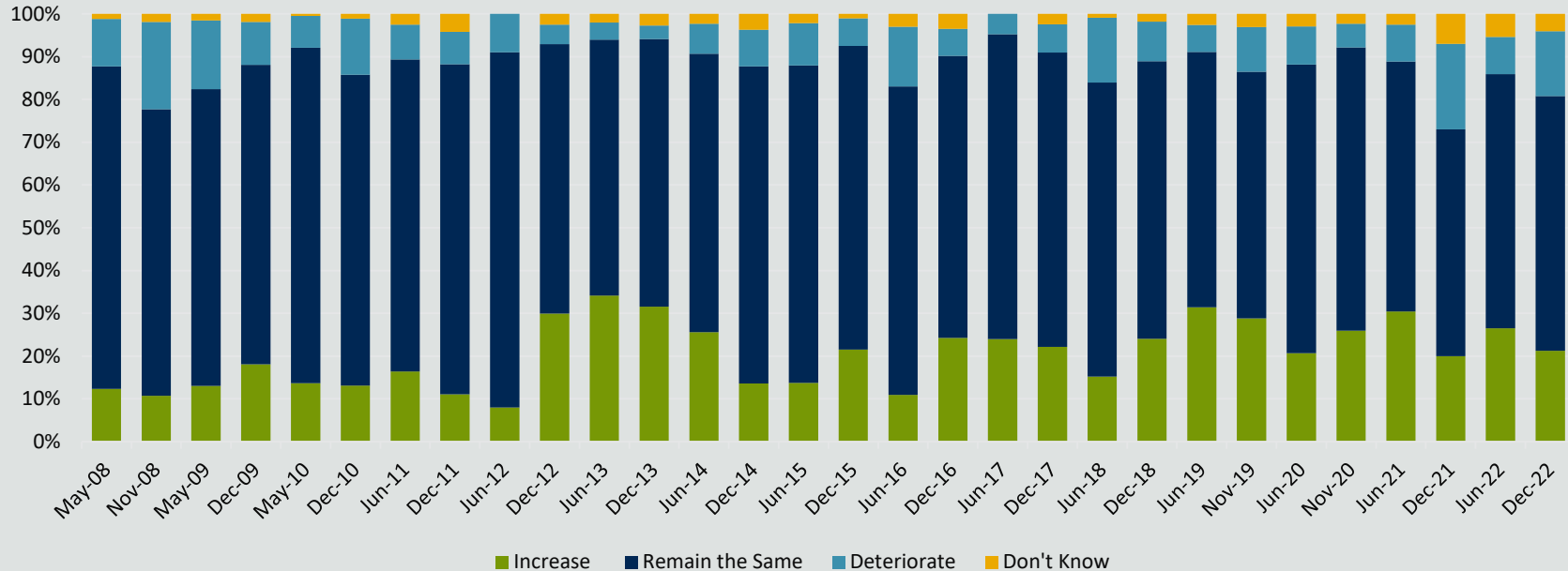
Question 5: In the next 6 months, do you expect employee numbers in your business to:



Nearly 60% of respondents expect no change to employee numbers over the next 6 months. 21% of respondents expect the employee numbers to increase.

# EMPLOYEE NUMBERS: YEAR ON YEAR SUMMARY

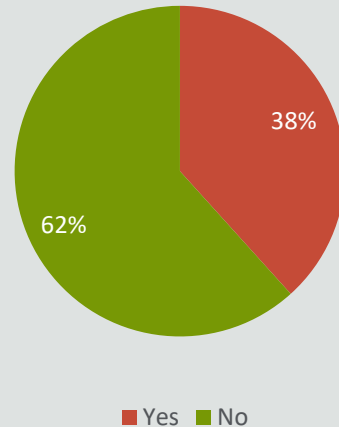
In the next 6 months, do you expect employee numbers in your business to:



# RECRUITMENT

Question 6:

Are you experiencing any significant skill shortages and/or difficulties recruiting appropriate staff?



38% of respondents who were currently recruiting indicated that they were experiencing difficulties, a 10% drop off compared last six months.

Respondents who were not currently recruiting were invited to skip this question.

# RECRUITMENT: YEAR ON YEAR SUMMARY

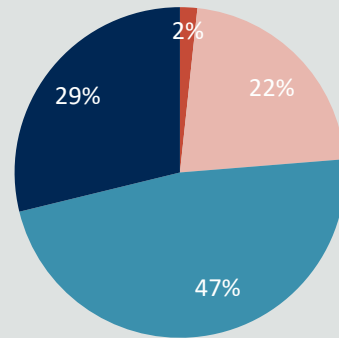
Are you experiencing any significant skill shortages and/or difficulties recruiting appropriate staff?





# RECRUITMENT

Question 7: Borders have been reopened for 6 months - how confident are you that this change will help fill staff shortages?



Very confident   Somewhat confident   Not so confident   Not at all confident

47% of Taranaki enterprises that reported they are looking for more staff are not confident they can find people in New Zealand to fill their needs, 29% of them are not confident at all. Employers seem less optimistic compared to the beginning of border reopening.

24% were confident and somewhat confident that they would find the people they need within the New Zealand workforce.

Respondents who were not currently recruiting were invited to skip this question.

# SKILLS SHORTAGE COMMENTS

*"We are an IT sales and service company and finding staff that have the right skills is difficult."*

*"Whilst my company has required staffing levels in key positions, we are struggling to find staff for short term and casual positions."*

*"Applicants are very few and do not have required trade skills. Other applicants are internationals and require support through a visa process which is very taxing on a small business and also risky as you don't really know if their qualification is up to NZ standard."*

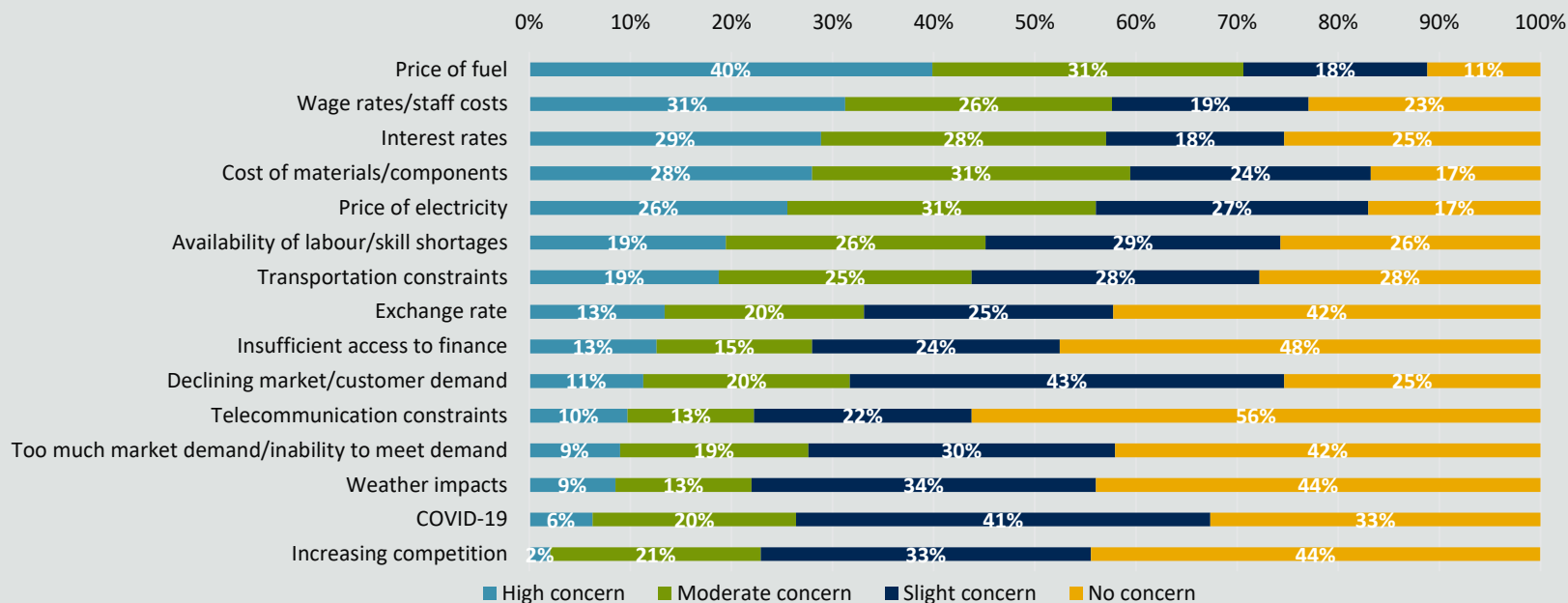
*"Frontline staff are increasingly hard to replace - many leaving to undertake delayed travel plans."*

*"Had a struggle but have finally achieved getting the required staff by offering good pay."*

*"Have had significant struggles employing for entry level positions, however the situation has freed up markedly in the last 4 - 6 weeks."*

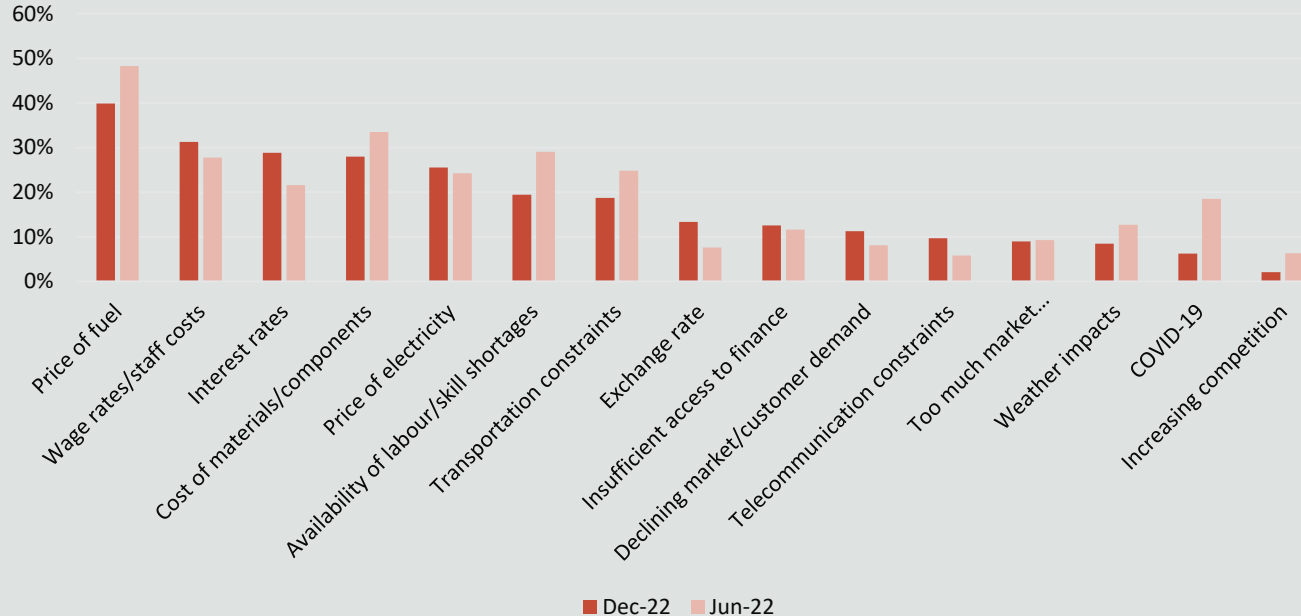
# TARANAKI BUSINESS CONCERNS

Question 8: Please rank the extent that the following issues are of concern to you and/or are impacting on your business:



# TARANAKI BUSINESS CONCERNS: YEAR ON YEAR SUMMARY

## Issues of highest concern to business



Compared to June 2022, the business community top 3 concerns is due to inflation.

Price of fuel still rank top concern for businesses, following is wage rates/staff costs and interest rates.

Covid-19 dropped far behind.

# BUSINESS CONCERN COMMENTS

*"Too many minimum wage increases in tight trading times have negatively impacted the entire cost structure of business."*

*"We have secured sufficient staffing and our main issue is that insurance premiums are rising due to the severe weather throughout NZ in the last two years."*

*"Costs keep increasing. Media commentary is all about pay rises & inflation which then creates a tension and expectation that the business can sustain increases which is not necessarily the case. Local government support for resource consent is far too slow and consultants are extremely over priced but have us caught between a rock & hard place as councils expect independent reports and documents to be generated which costs businesses tens of thousands of dollars. Get back to basics and make it easier for businesses to function. Off-shore manufacture is looking increasingly more attractive ."*

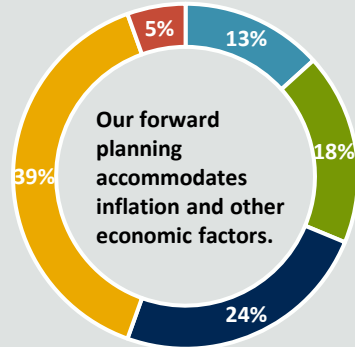
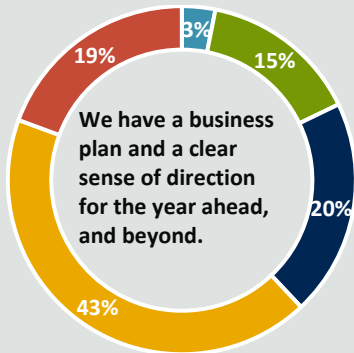
*"Unstable economy and regulatory/legislative changes impacting employment."*

# BUSINESS PLANNING

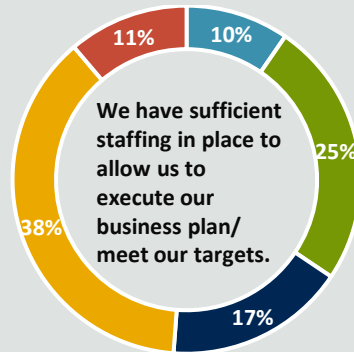
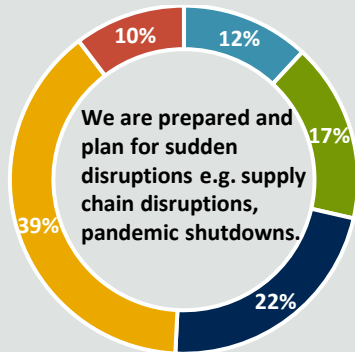


# BUSINESS PLANNING

Question 9: Please indicate on the scale below the extent the following statements reflect your business:



- This is a priority for us.
- This is part of our normal practice.
- We try to do this when time allows.
- This is something we have considered.
- We do not do this.

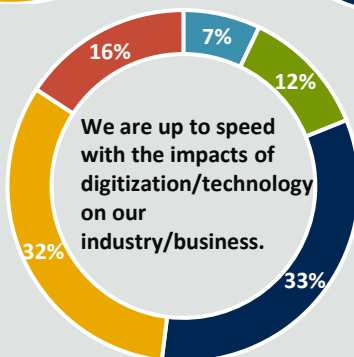
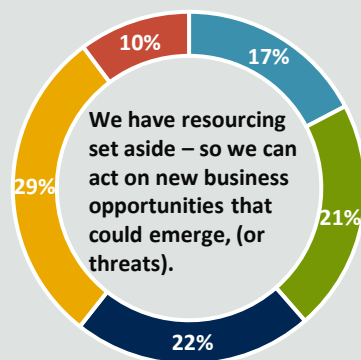
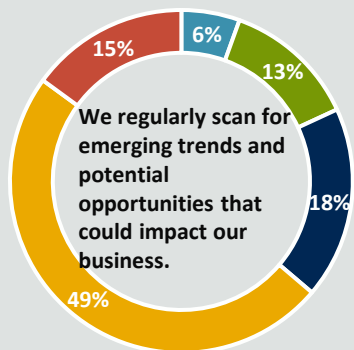


Despite the unpredictable economic environment, the majority of respondents indicated they place a priority on, or have in place, as part of their normal practice, a business plan.

Furthermore, many also include accommodation within that plan for inflation and sudden disruptions.

# BUSINESS PLANNING

Question 9: Please indicate on the scale below the extent the following statements reflect your business:



- This is a priority for us.
- This is part of our normal practice.
- We try to do this when time allows.
- This is something we have considered.
- We do not do this.

The majority of respondents regularly scan for emerging trends and potential opportunities that could impact their business, and 15% of respondents indicated this was a priority for them.

39% of respondents have resourcing set aside to act on new business opportunities with 10% of viewing this as a priority.

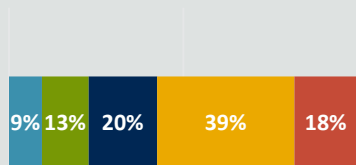
48% of respondents believe they are up to speed with the impacts of digitization/technology on their industry/business. 33% of them want to take this action when time allows.



# BUSINESS PLANNING

Question 9: Please indicate on the scale below the extent the following statements reflect your business:

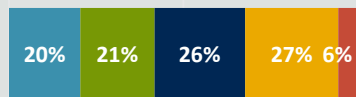
Relative to our industry/competitors, we are innovative and feel 'ahead of the curve'.



- This is a priority for us.
- This is part of our normal practice.
- We try to do this when time allows.
- This is something we have considered.
- We do not do this.

The majority of respondents believed their business was innovative and 'ahead of the curve'.

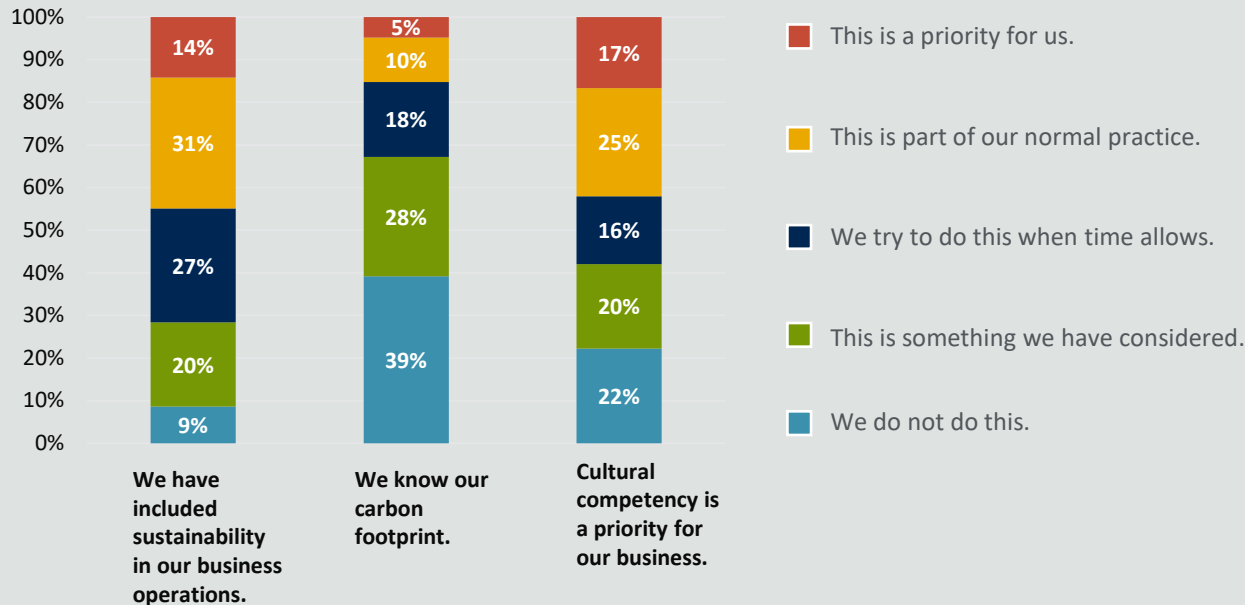
We monitor our key competitors and benchmark our performance against them.



33% of respondents indicated that they formally monitor, benchmark and measure this.

# BUSINESS PLANNING

Question 9: Please indicate on the scale below the extent the following statements reflect your business:



45% of respondents indicated that sustainability was an integral part of their business operations.

However, only 15% of respondents had placed priority or embedded in normal practice, active management of their carbon footprint.

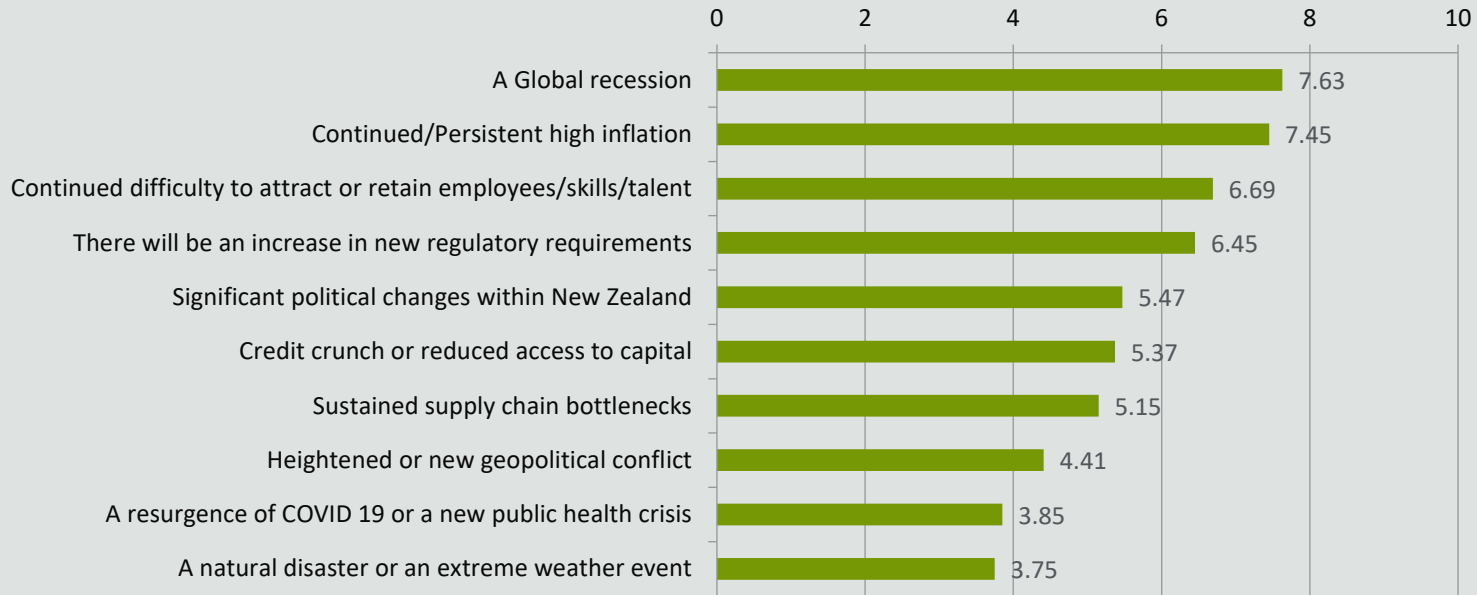
Cultural competency was a priority for 17% of respondent businesses.

# RISK SCENARIOS



# RISK SCENARIOS

Question 10: Score ranking the following scenarios in terms of whether you believe they could occur in 2023



# COMMENTS

*"We will be affected by global events and regardless of which party thinks they are in charge of the country they will be unable to do anything. We are just too small, continued plans to attract good immigration is key to reducing impacts."*

*"Think a recession is inevitable, it's been said 'on the news now'. There will be a lot of businesses go under with new government compliance, and wage increases this will free up the workforce. If there's no significant changes in government policy, we will lose more regional say in what happens in our community."*

*"All of these will occur they are ranked on their impact on our business."*

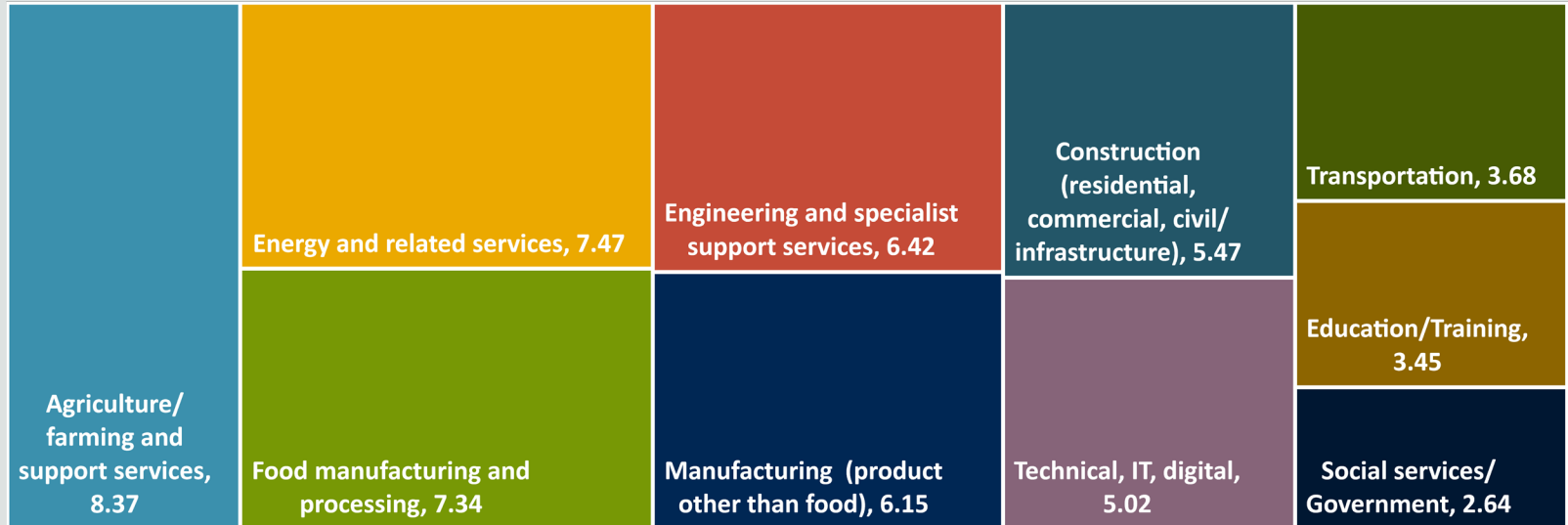
*"The rate of inflation/rising cost of living and lack of income increases to counter these are worrying. All basic living costs are going up higher than the rate of inflation and it is very concerning for middle and low income households."*

# OPPORTUNITIES FOR NEXT FIVE YEARS



# OPPORTUNITIES FOR 2023 AND BEYOND

Question 12: Score ranking potential sectors to contribute to Taranaki's economic growth in the next five years



# COMMENTS

*“Dairy is done and dusted, the region needs to resource alternative energy industries and construct decent homes for the workers that are here and arriving here to the region. Developing a stronger community base for families to thrive will benefit the region as well as the country.”*

*“Increasing demand for sustainable locally grown and sourced products.”*

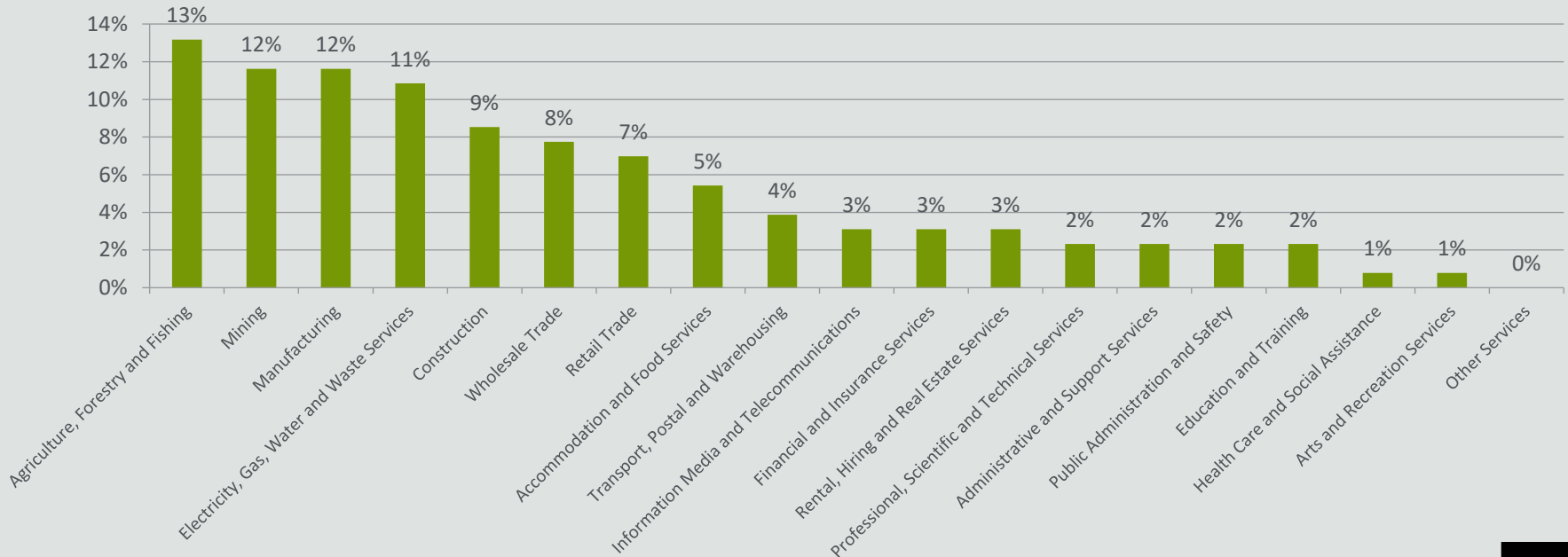
*“I'm hoping agriculture will continue to be a major player in the future of Taranaki. But some of the latest government compliance and changes expected in this sector may prove to have negative effects to this industry.”*

*“The Taranaki economy was booming but that has all changed with the governments focus on shutting down oil & gas, reducing dairy manufacture, increasing focus on carbon emissions etc Real potential lies in the abundance of natural resources and productive pastureland. With a different mindset we could become a highly productive self-sufficient region.”*



# RESPONDENT PROFILE: INDUSTRY SECTORS

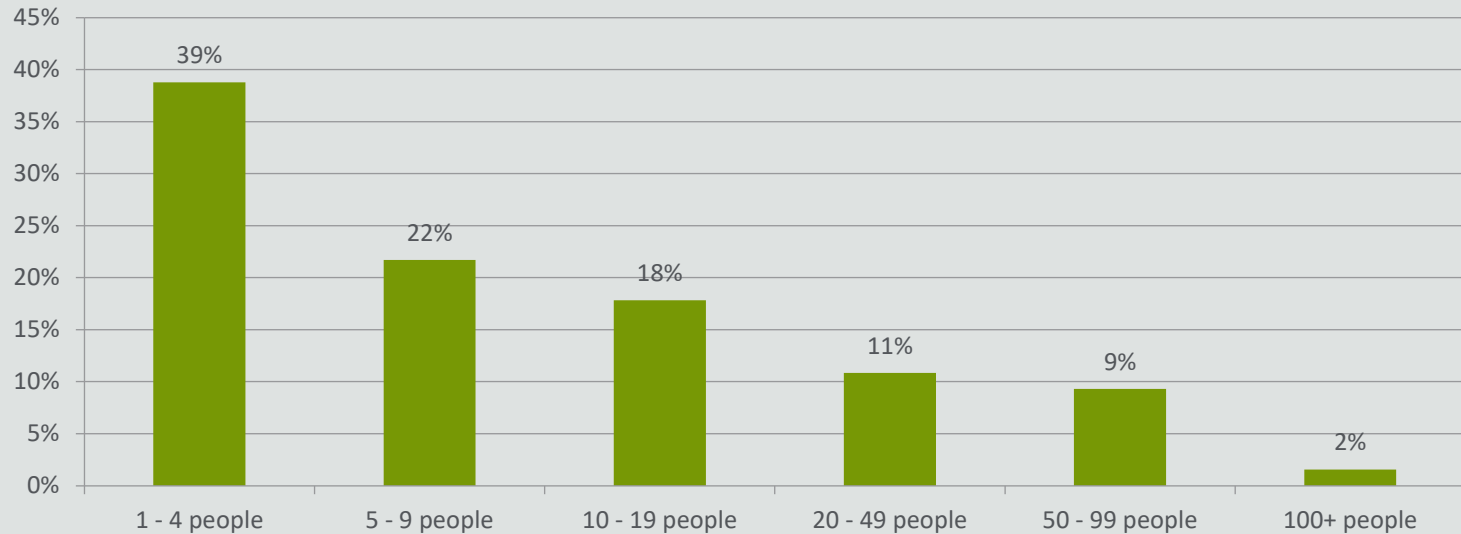
Question 14: Please indicate which of the following sectors is closest to the main activity of your business:



# RESPONDENT PROFILE: BUSINESS SIZE

Question 15:

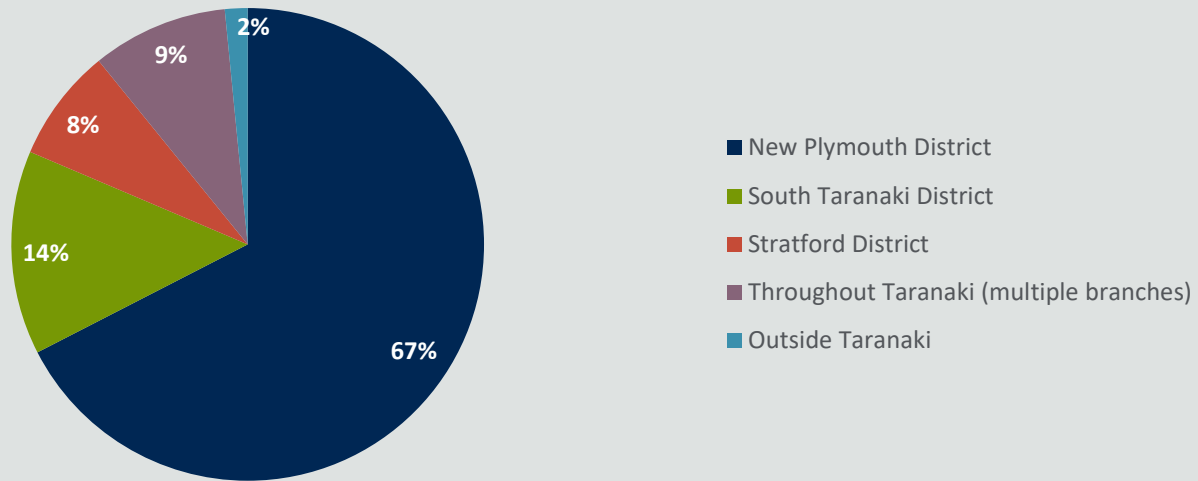
How many people work in your business (including yourself):



# RESPONDENT PROFILE: DISTRICT BREAKDOWN

Question 16:

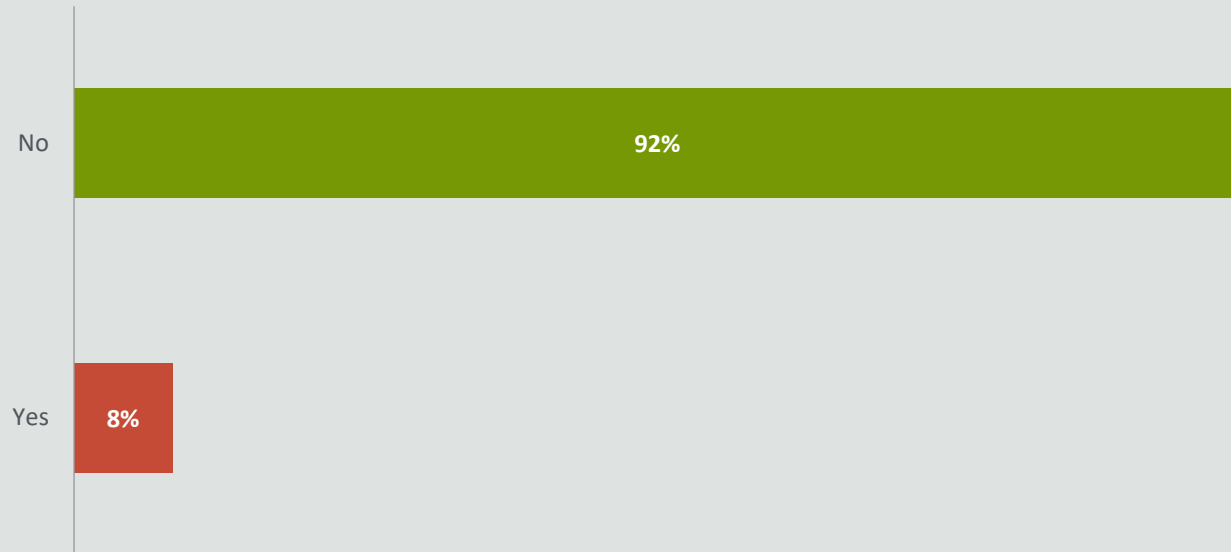
Respondent location:



# RESPONDENT PROFILE: MĀORI BUSINESS

Question 17:

Is your enterprise owned or part-owned by Māori?



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