

# Quarterly Canterbury Business Survey

**AUGUST 2023**

In field: 30 August - 18 September



**This quarter has seen a decline in business confidence and rising uncertainty about inflationary pressure, rising interest rates, and demand.**

Expectations of the economy weakened, with a large number of the businesses surveyed (41%) expecting a weaker economy over the next 12 months, compared to 27 per cent last quarter.

Expectations about firms' financial performance also dropped slightly, although the majority (72%) still expect the same or better earnings over the next 12 months.

65% of businesses highlighted inflationary pressure and rising interest rates as a major concern, up from 47% last quarter. This pressure was particularly felt by sole traders and those within retail, hospitality, accommodation, and tourism businesses.

This quarter also saw a significant jump in the number of businesses concerned about consumer confidence and demand. 42% raised it as a concern for their business, up from 27% last quarter.

The survey also highlighted other challenges including mental health and fatigue, with nearly a quarter (23%) of businesses saying it was one of their top three concerns.

There is a keen interest amongst businesses to explore the potential of artificial intelligence. 62% of respondents are generally positive about the potential impacts of artificial intelligence on their businesses, and 43% plan to investigate or invest in the technology in the near future.

For more information about the survey and for further commentary on the results, visit our website [www.cecc.org.nz](http://www.cecc.org.nz)

41%

Expect the Canterbury economy to be moderately or substantially weaker in 12 months.

23%

Are concerned about mental health and fatigue.

74%

Expect costs to continue to rise over the next 12 months.

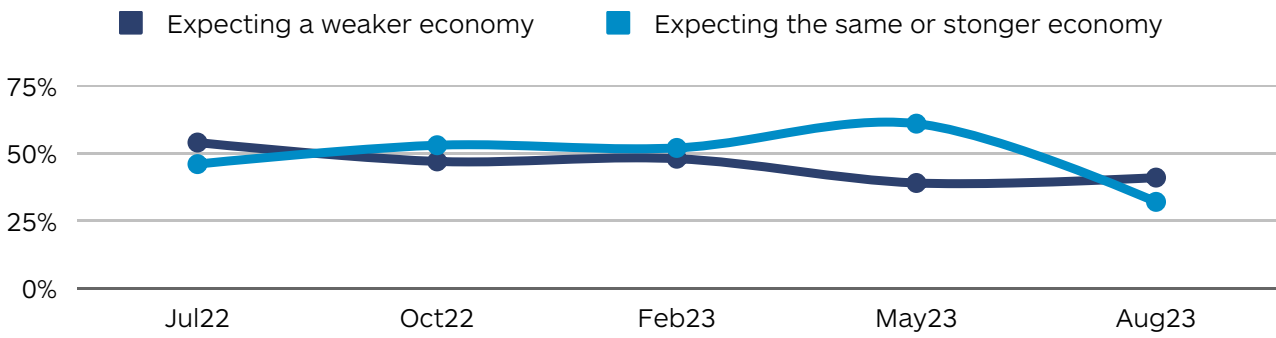
**Top Issues**

96%

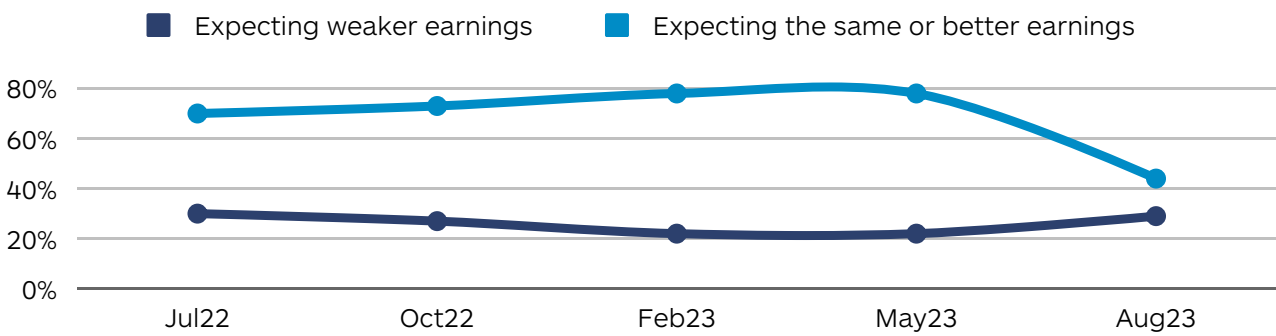
Experiencing moderate or significant impacts from inflation & rising interest rate rates.

- 1. Inflationary pressure and rising interest rates**
- 2. Consumer confidence and demand**
- 3. Labour market constraints**
- 4. Increased compliance costs**
- 5. Mental health and fatigue**

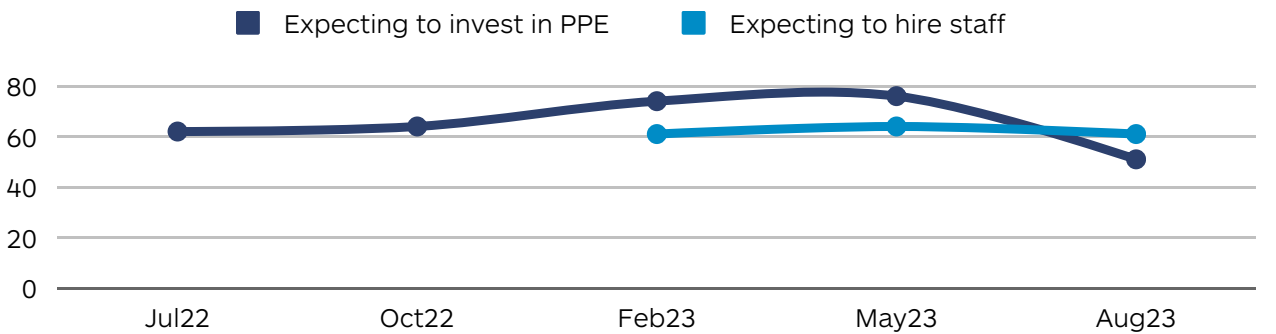
### Expectations of the Canterbury economy in 12 months



### Expectations of own earnings in 12 months



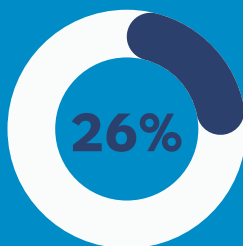
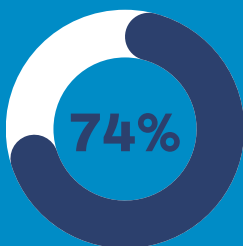
### Expectations of investment over next 12 months



### Respondent snapshot

SMEs

Large Businesses



- 56% Directors/Owners
- 14% CEOs/C-Suite
- 20% Managers
- 10% Other

# Quarterly Canterbury Business Survey: August Results Summary

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## Size:

Sole Trader – 8%  
SME (1-49 FTEs) – 66%  
Large (50+ FTEs) – 26%

## Role:

Director/Owner – 56%  
CEO/C-Suite – 14%  
Manager – 20%  
Other – 10%

## Industry:

Professional Services – 25%  
Manufacturing – 18%  
Accommodation, Retail, Hospitality and Tourism – 12%  
Construction and Civil – 8%  
Not-for-profit and Charity – 6%

## Expectations of NZ Economy (12 months):

Substantially Worse – 11%  
Moderately Worse – 42%  
Same – 22%  
Moderately Better – 24%  
Significantly Better – 1%

## Expectations of Canterbury Economy (12 months):

Substantially Worse – 6%  
Moderately Worse – 35%  
Same – 27%  
Moderately Better – 30%  
Significantly Better – 2%

## Own business earnings (12 months):

Substantially Worse – 5%  
Moderately Worse – 24%  
Same – 27%  
Moderately Better – 36%

Significantly Better – 8%

Sole Trader – 14% (substantially better), 36% (moderately better), 14% (same), 25% (moderately worse), 11% (substantially worse)

SME – 7% (substantially better), 34% (moderately better), 30% (same), 24% (moderately worse), 5% (substantially worse)

Large Business – 9% (substantially better), 40% (moderately better), 26% (same), 23% (moderately better), 2% (substantially better)

Professional Services – 48% (substantially better & moderately better)

Manufacturing – 52% (substantially better & moderately better)

Construction and Civil – 33% (moderately better)

Accommodation, Retail, Hospitality and Tourism – 42% (substantially better & moderately better)

### **Investment expectations (12 months):**

Yes – 51% (was 76%)

No – 49%

Sole Trader – 29% (yes)

SME – 43% (yes)

Large Business – 77% (yes)

Professional services – 45% (yes)

Manufacturing – 58% (yes)

Construction and Civil – 70% (yes)

Accommodation, Retail, Hospitality and Tourism – 40% (yes)

### **Hiring staff (12 months):**

Yes – 57% (was 64%)

No – 43%

Sole Trader – 7% (yes)

SME – 55% (yes)

Large Business – 77% (yes)

Manufacturing – 54% (yes)

Civil and Construction – 70% (yes)

Professional Services – 57% (yes)

Accommodation, Retail, Hospitality and Tourism – 49% (yes)

### **Impact of rising costs**

Significant – 43% (was 34%)

Moderate – 53% (was 46%)

No Impact – 4% (was 20%)

Sole Trader – 38% (significant), 42% (moderate), 20% (no impact)

SME – 42% (significant), 54% (moderate), 4% (no impact)

Large Business – 46% (significant), 53% (moderate), 1% (no impact)

Manufacturing – 50% (significant), 47% (moderate), 3% (no impact)

Construction and Civil – 43% (significant), 57% (moderate)

Professional Services – 29% (significant), 64% (moderate), 7% (no impact)

Accommodation, Retail, Hospitality and Tourism – 51% (significant), 49% (moderate), 0% (no change)

### **Drivers of rising costs**

Wages – 42%

Inflation – 31%

Interest Rates – 8%

Compliance Costs – 5%

Sole Trader – Inflation (20%), Interest Rates (15%), Compliance (12%)

SME – Wage Costs (43%), Inflation (31%), Interest Rates (8%)

Large Business – Wage Costs (52%), Inflation (26%), Interest Rates (8%)

Manufacturing – Inflation (36%), Wage Costs (34%), Interest Rates (11%)

Construction and Civil – Wage Costs (50%), Inflation (25%), Interest Rates (11%)

Professional Services – Wage Costs (44%), Inflation (33%), Compliance Costs (9%)

Accommodation, Retail, Hospitality and Tourism – Wage Costs (53%), Inflation (29%)

### **Expectations of costs rising**

Rise – 74%

No Change – 21%

Ease – 5%

Sole Trader – 62% (rise), 27% (no change), 12% (ease)

SME – 76% (rise), 20% (no change), 4% (ease)

Large Business – 74% (rise), 20% (no change), 6% (ease)

Manufacturing – 70% (rise), 22% (no change), 8% (ease)

Construction and Civil – 64% (rise), 29% (no change), 7% (ease)

Professional Services – 73% (rise), 24% (no change), 3% (ease)

Accommodation, Retail, Hospitality and Tourism – 84% (rise), 13% (no change), 2% (ease)

### **Dealing with disruption**

Very Confident – 14%

Moderately Confident – 52%

Moderately Concerned – 26%

Very Concerned – 8%

Sole Trader – 12% (very confident), 54% (moderately confident), 23% (moderately concerned), 11% (very concerned)

SME – 12% (very confident), 50% (moderately confident), 30% (moderately concerned), 8% (very concerned)

Large Business – 19% (very confident), 59% (moderately confident), 15% (moderately concerned), 7% (very concerned)

Manufacturing – 8% (very confident), 64% (moderately confident), 19% (moderately concerned), 9% (very concerned)

Construction and Civil – 21% (very confident), 57% (moderately confident), 21% (moderately concerned), 0% (very concerned)

Professional Services – 23% (very confident), 51% (moderately confident), 19% (moderately concerned), 7% (very concerned)

Accommodation, Retail, Hospitality and Tourism – 13% (very confident), 44% (moderately confident), 27% (moderately concerned), 16% (very concerned)

### **Impact of labour market constraints**

Significant – 18%

Moderate – 55%

None – 27%

Manufacturing – 13% (significant), 59% (moderate)

Construction and Civil – 25% (significant), 57% (moderate)

Professional Services – 20% (significant), 54% (moderate)

Accommodation, Retail, Hospitality and Tourism – 18% (significant), 58% (moderate)

### **Changes in the labour market**

Improved – 24% (was 13%)

No change – 49%

Worse – 27% (was 42%)

### **Impact of crime and antisocial behaviour**

Yes – 26% (88 businesses)

No – 74%

Sole Trader – 12% of Sole Traders

SME – 24% of SMEs

Large – 38% of Large Businesses

Accommodation, Retail, Hospitality and Tourism – 53% of the sector respondents

## **Crime and antisocial behaviour trend**

Worse – 59%  
Same – 39%  
Improving – 2%

## **Canterbury direction**

Right – 49%  
Unsure – 42%  
Wrong – 9%

## **NZ direction**

Right – 11%  
Unsure – 26%  
Wrong – 63%

## **Government performance with the economy**

Key: SB (substantially better), MB (moderately better), S (same), MW (moderately worse), SW (significantly worse).

Substantially better – 0% (was 2%)  
Moderately better – 7% (was 9%)  
Same – 20% (was 23%)  
Moderately worse – 27% (was 33%)  
Substantially worse – 46% (was 33%)

Sole Trader – 4% (substantially better), 0% (moderately better), 25% (same), 17% (moderately worse), 54% (substantially worse)

SME – 0% (substantially better), 8% (moderately better), 21% (same), 30% (moderately worse), 41% (substantially worse)

Large Business – 0% (substantially better), 8% (moderately better), 15% (same), 23% (moderately worse), 55% (substantially worse)

Manufacturing – 0% (substantially better), 7% (MB moderately better 24% (same), 22% (moderately worse), 47% (substantially worse)

Professional Services – 0% (substantially better), 12% (moderately better), 15% (same), 29% (moderately worse), 44% (substantially worse)

Construction and Civil – 0% (substantially better), 4% (moderately better), 15% (same), 23% (moderately worse), 58% (substantially worse)

Accommodation, Retail, Hospitality and Tourism – 0% (substantially better), 2% (moderately better), 26% (same), 26% (moderately worse), 46% (substantially worse)

## **Top five issues/barriers**

1. Inflationary pressure and rising interest rates – 65% (was 47%)
2. Consumer confidence and demand – 42% (was 27%)
3. Labour market constraints – 36% (was 40%)
4. Increased compliance costs – 32% (was 31%)
5. Mental health and fatigue – 23% (was 20%)



Sole Traders – Inflationary pressure (69%), compliance (35%), mental health (35%)

SMEs – Inflationary pressure (64%), consumer confidence (46%), compliance (33%), cashflow (22%)

Large Businesses – Inflationary pressure (67%), labour market (53%), consumer confidence (34%)

Manufacturing – Inflationary pressure (55%), consumer confidence (53%), labour market (35%)

Construction and Civil – Inflationary pressure (75%), consumer confidence (61%), labour market (50%)

Professional Services – Inflationary pressure (61%), labour market (36%), consumer confidence (34%), productivity (33%)

Accommodation, Retail, Hospitality and Tourism – Inflationary pressure (76%), consumer confidence (53%), labour market (36%), compliance (33%), mental health (29%)