

**New Zealand Chambers of Commerce
 Business Confidence Survey - Summary Report
 December 2015**

About the Chambers of Commerce

New Zealand Chambers of Commerce (NZCCI) is a network of independent chambers, serving the interests of 29 Chambers of Commerce across the country. Together the Chamber network represents over 20,000 businesses around the country including sole traders, small-medium enterprises, and some of the largest businesses in New Zealand.

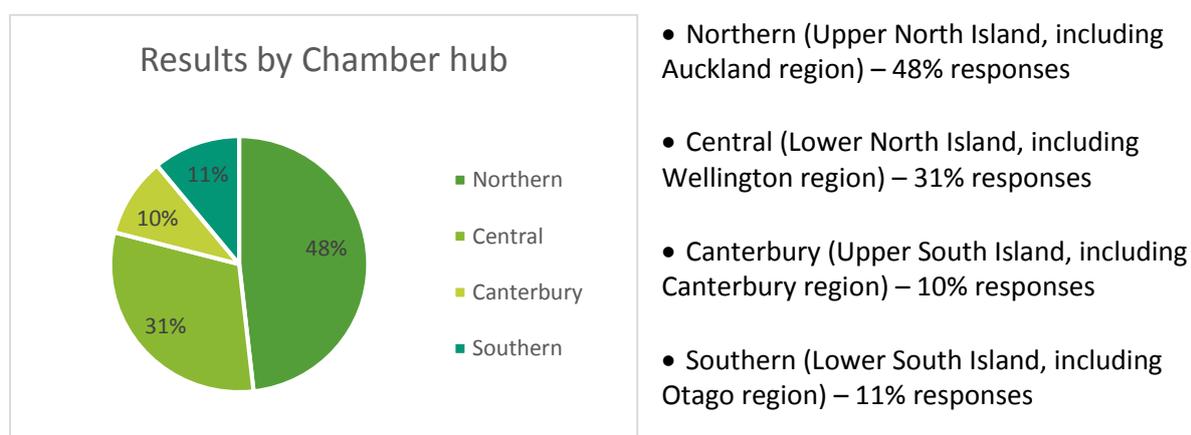
The Chambers of Commerce network is divided into 4 hubs: Northern, Central, Canterbury and Southern; and affiliated with Chambers internationally through the International Chamber of Commerce, providing members with access to the largest business network in the world.

Business Confidence Survey

The survey was conducted over a two-week period in late November receiving 1539 responses from across the chamber network, around New Zealand. Respondents were asked fifteen substantive questions, relating to confidence expectations, activity, intentions to invest and hire, as well as barriers and issues they were facing.

On the whole the results are fairly positive and expected given the current economic environment. The results across the board reveal a pattern where business optimism creeps upwards from south to north, reflective of the variations in regional industry and commercial activity.

The breakdown of responses by regional hubs is as follows:



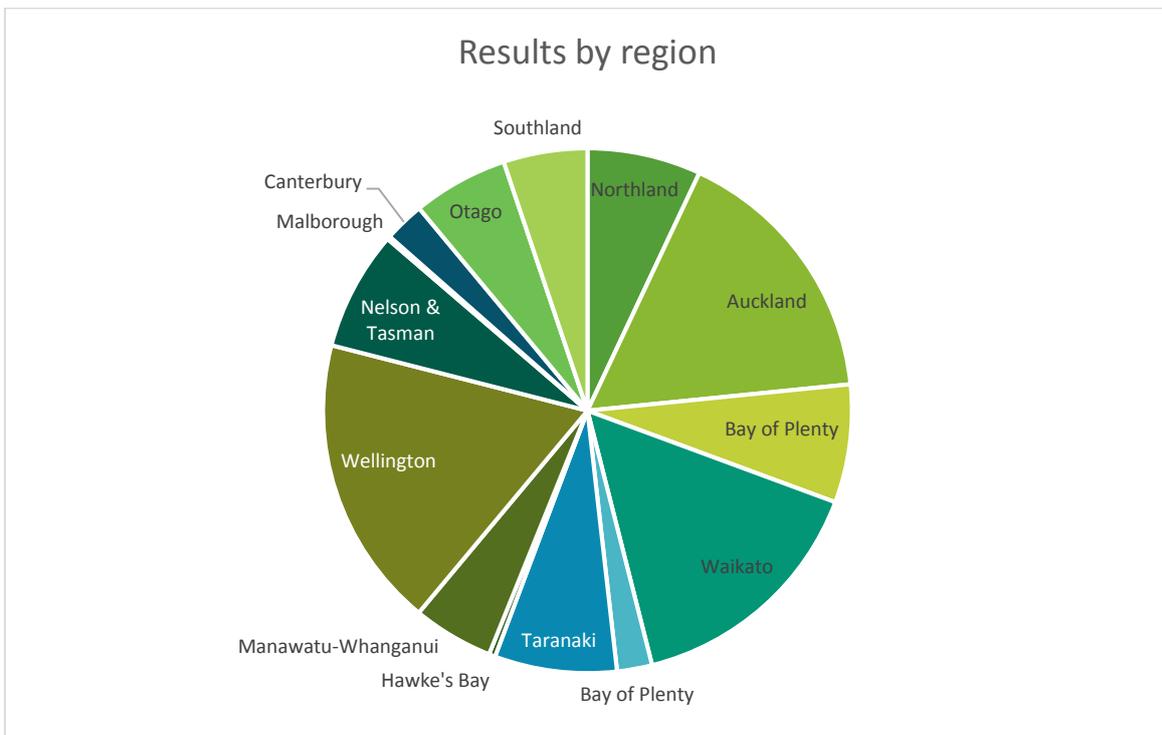
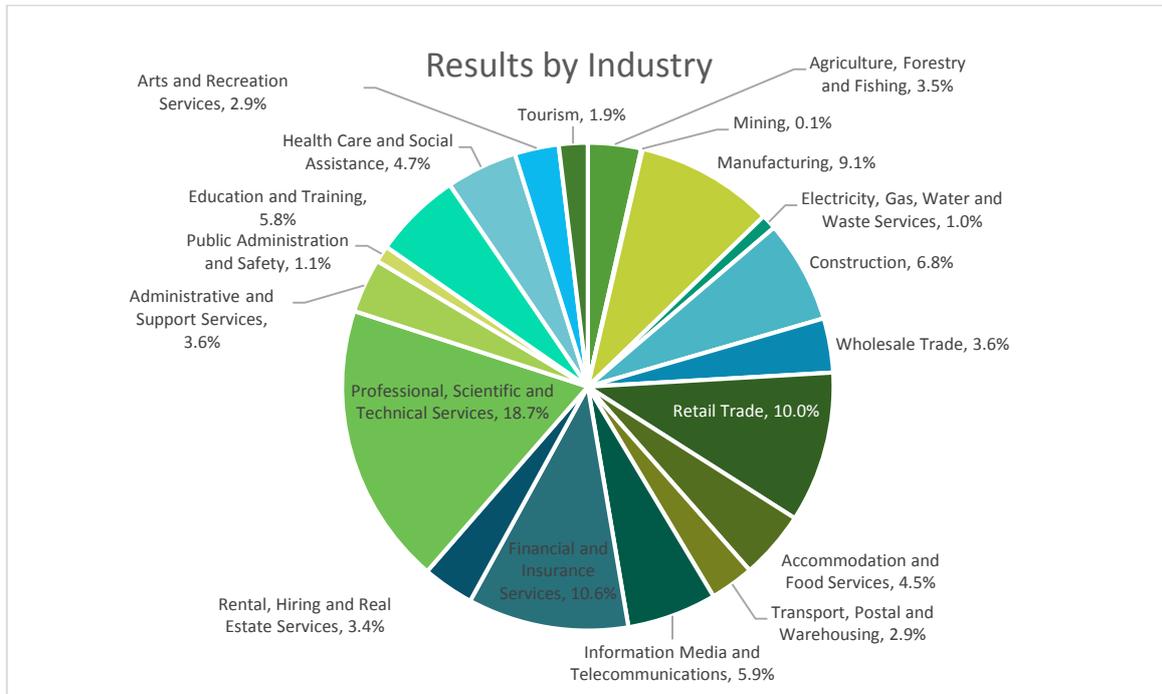
A range of industry groupings responded to the survey, the top five industries as follows:

- Professional, Scientific and Technical Services (18.7%)
- Financial and Insurance Services (10.63%)

- Retail Trade (9.98%)
- Manufacturing (9.07%)
- Construction (6.8%)

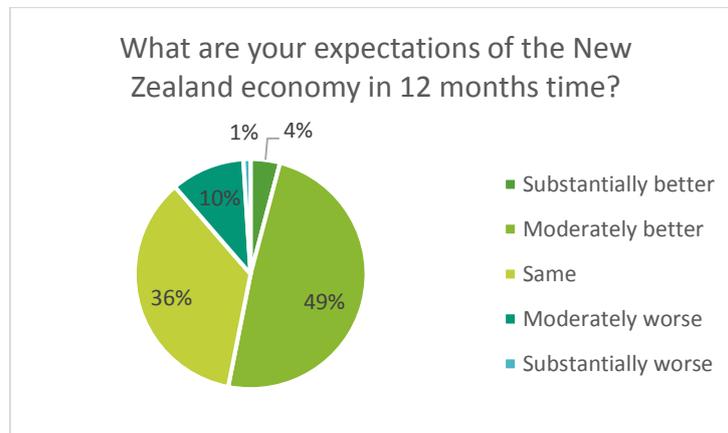
Of those surveyed, 86.8% of businesses employed staff, just 13.19% did not.

The below graphs provide a breakdown by industry and region of each of the respondents.



Expectations of New Zealand economy

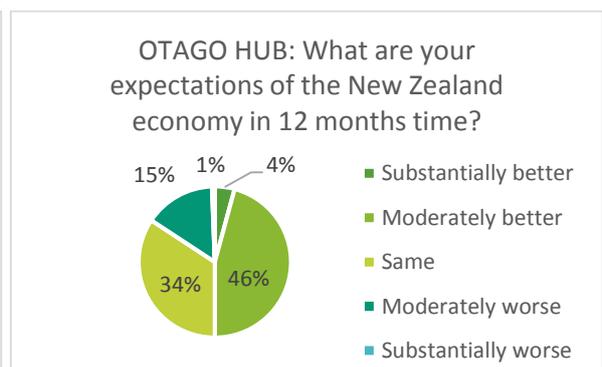
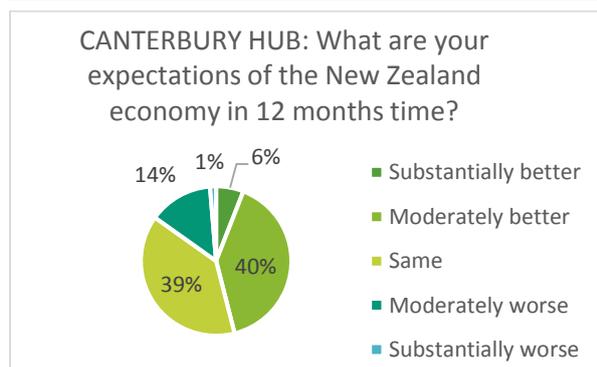
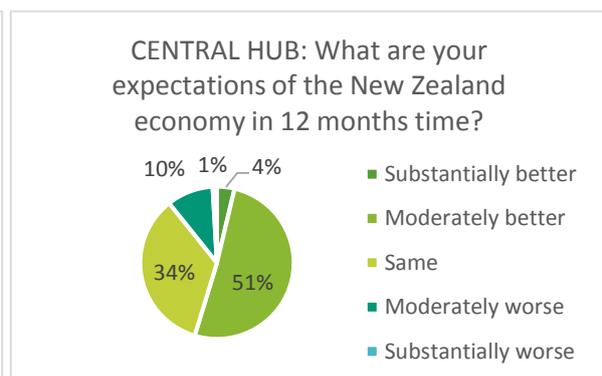
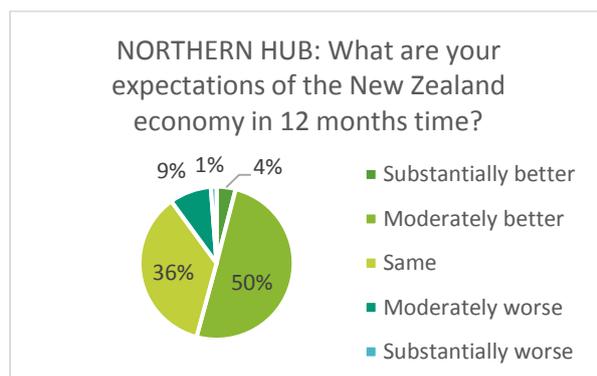
While a net positive of 42 per cent of respondents expect the New Zealand economy to improve over the next 12 months, regional variation shows that confidence improves the further north businesses are located.



A net positive 44.2 percent of business in the upper North Island, including Auckland, expect the New Zealand economy to improve over the next 12 months, compared with a net positive 44 percent in the central and lower North Island, including Wellington, a net positive 30.9% in the upper South Island, including Canterbury, and a net positive 34.3 percent in the lower South Island, including Otago.

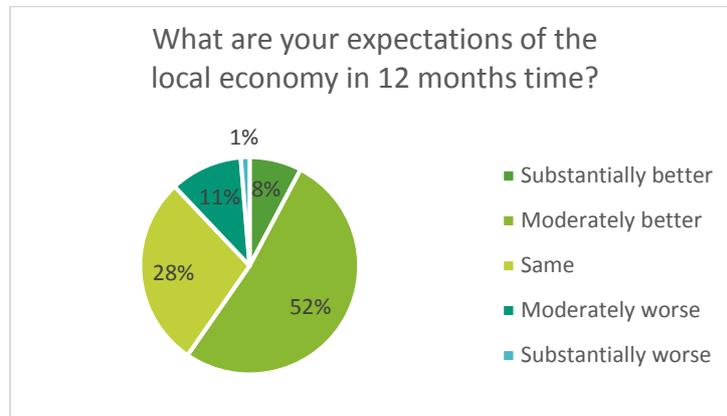
The balance of sentiment breakdown by regional hubs is as follows:

- Northern – net positive 44.2%
- Central – net positive 44%
- Canterbury – net positive 30.9%
- Otago – net positive 34.3%



Expectations of local economy

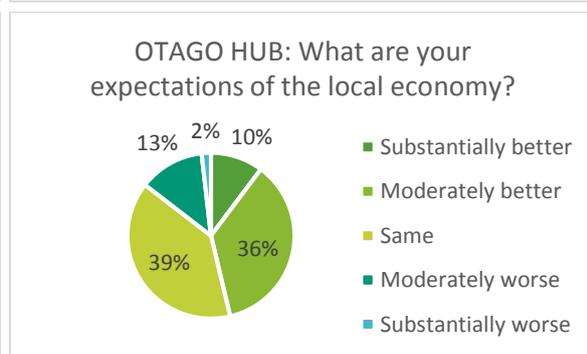
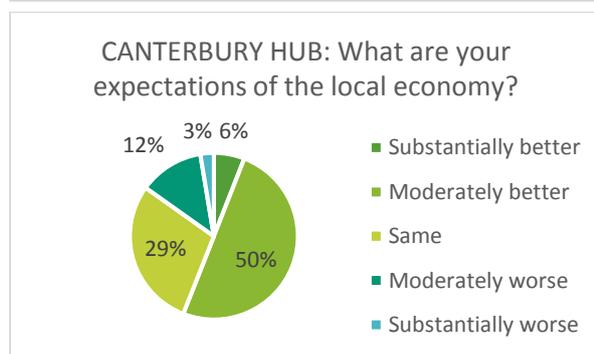
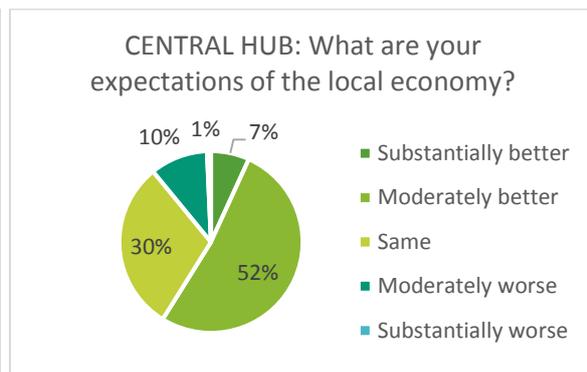
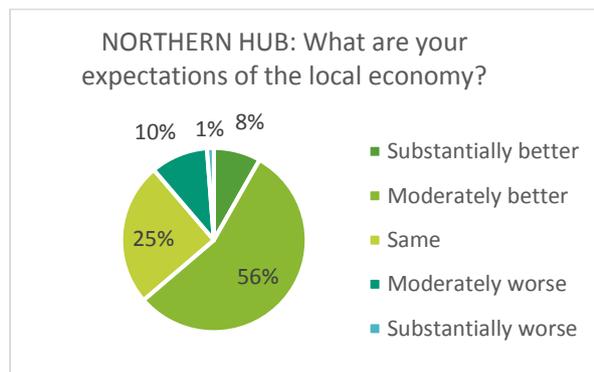
Greater confidence was expressed in business' local and regional economy, particularly in Auckland and Canterbury. Of all respondents, a total net positive 47.6 percent believing there will be improvement, although down comparatively against national expectations for the Deep South.



A net positive 52.5 percent of business in the upper North Island, including Auckland, expect their local economy to improve over the next 12 months, compared with a net positive 48 percent in the central and lower North Island, including Wellington, a net positive 40.8% in the upper South Island, including Canterbury, and a net positive 31.8 percent in the lower South Island, including Otago.

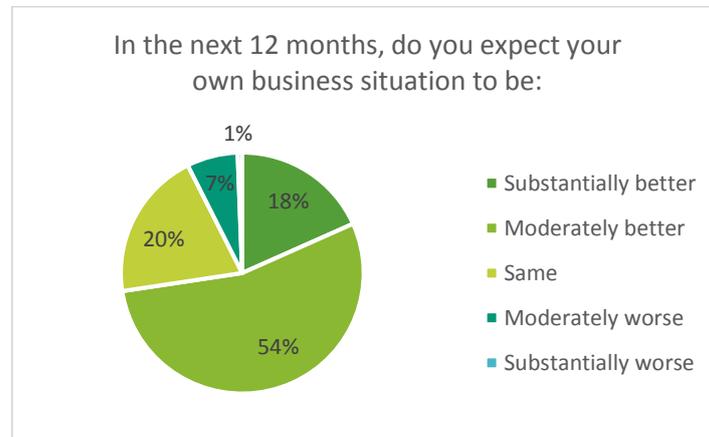
The breakdown by regional hubs is as follows:

- Northern – net positive 52.5%
- Central – net positive 48%
- Canterbury – net positive 40.8%
- Otago – net positive 31.8%



Expectations of own business situation

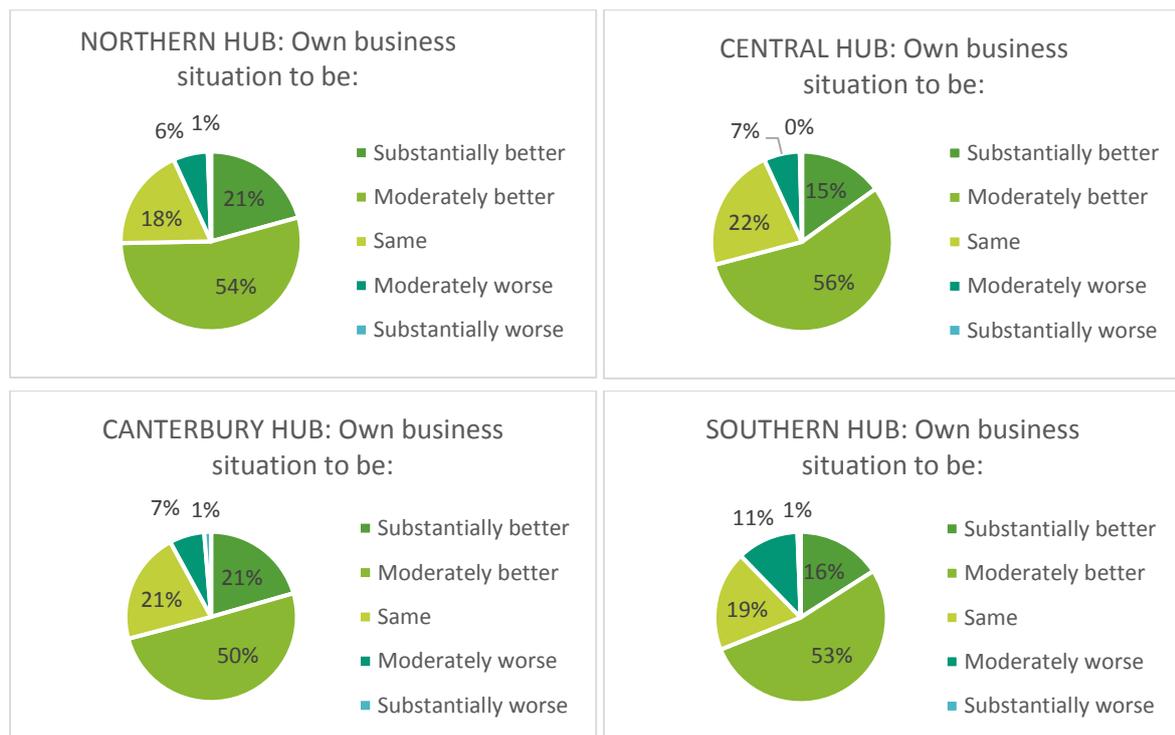
When respondents were asked about their own business situation, a net positive 65.2 per cent said they expect to see an improvement over the next 12 months.



A net positive 68.44 percent of business in the upper North Island, including Auckland, expect their business situation to improve over the next 12 months, compared with a net positive 64 percent in the central and lower North Island, including Wellington, a net positive 62.9 percent in the upper South Island, including Canterbury, and a net positive 56.7 percent in the lower South Island, including Otago.

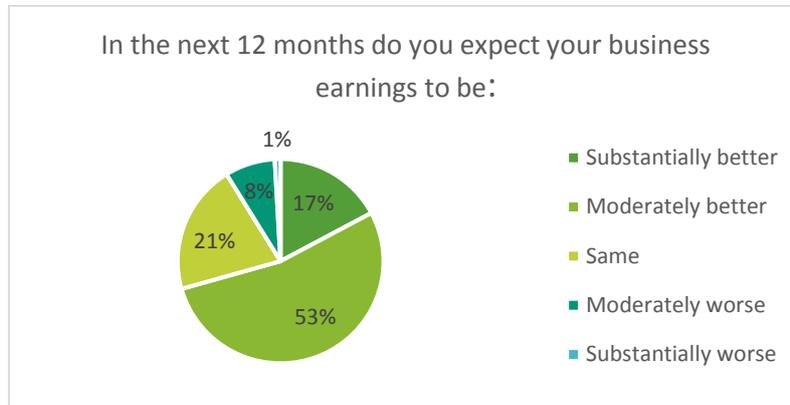
The breakdown by regional hubs is as follows:

- Northern – net positive 68.44%
- Central – net positive 64%
- Canterbury – net positive 62.9 %
- Otago – net positive 56.7%



Expectations of own business earning

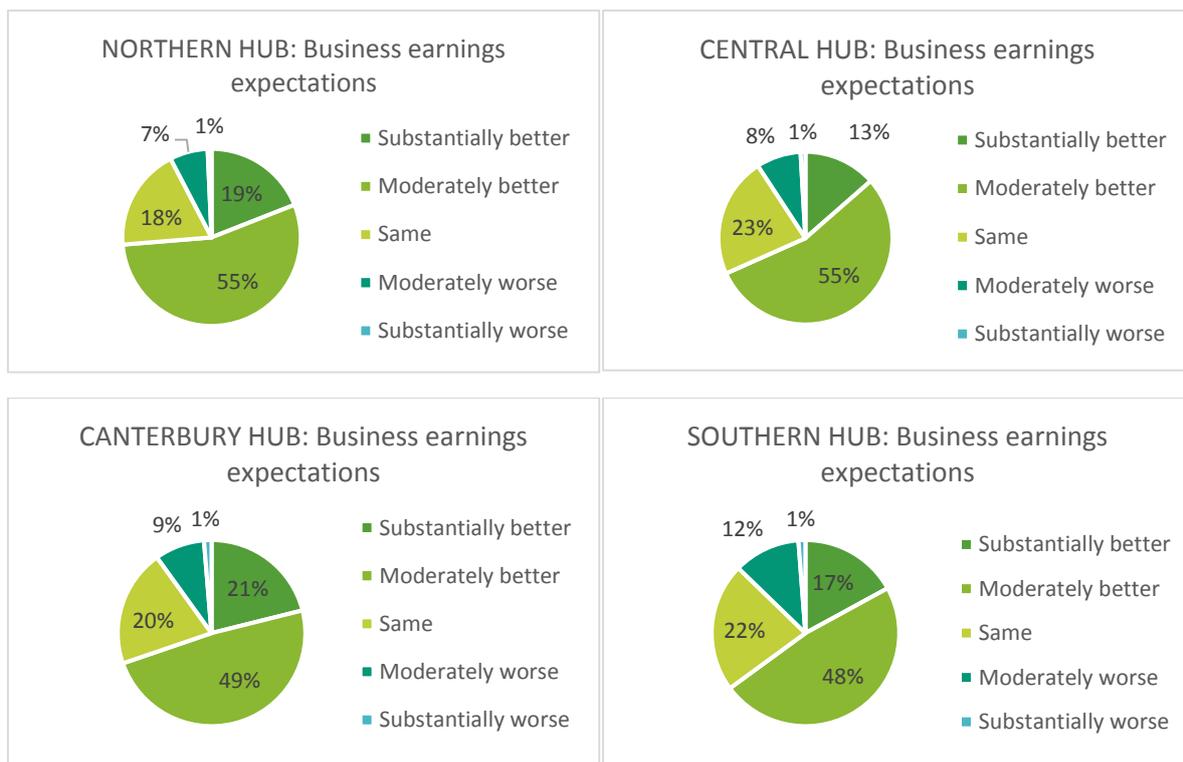
Businesses expect to see a boost in earnings, with a net 61.9 per cent forecasting an improvement. Of all respondents, 70.7 per cent expect an improvement while 8.8 per cent expect earnings to decline.



A net positive 66.1 percent of business in the upper North Island, including Auckland, expect their business earnings to improve over the next 12 months, compared with a net positive 59.1 percent in the central and lower North Island, including Wellington, a net positive 59.81 percent in the upper South Island, including Canterbury, and a net positive 52.2 percent in the lower South Island, including Otago.

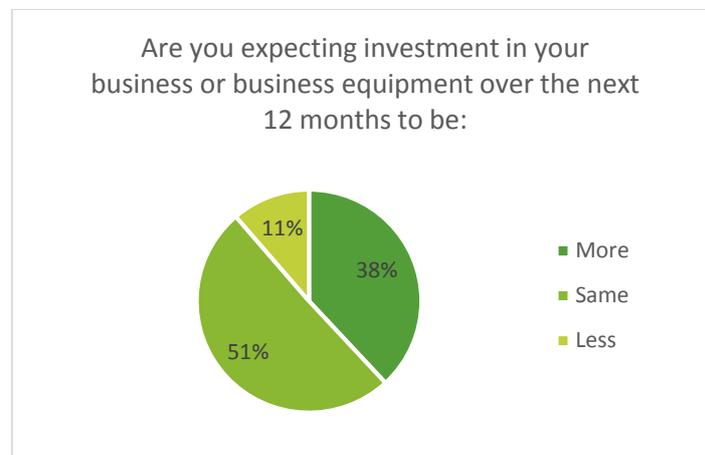
The breakdown by regional hubs is as follows:

- Northern – net positive 66.1%
- Central – net positive 59.1%
- Canterbury – net positive 59.81%
- Otago – net positive 52.2%



Investment in business, business equipment expectations

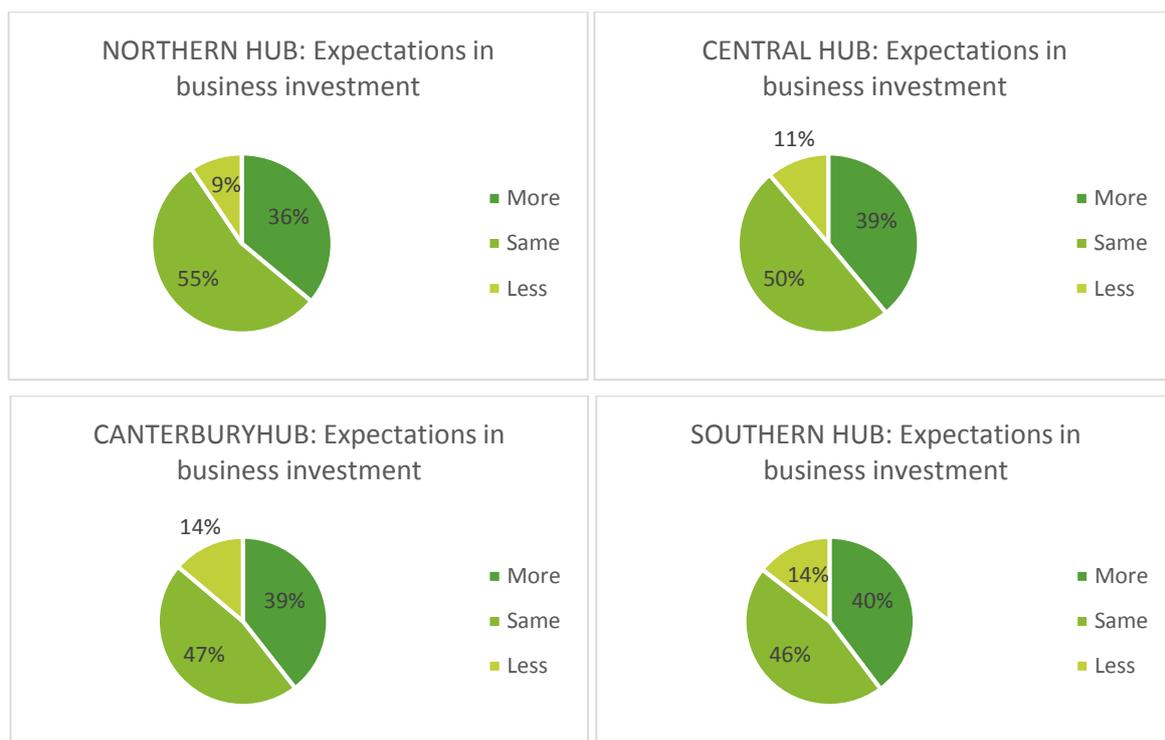
The number of businesses expecting to invest more in plant and equipment over the next 12 months remains positive, to a net 26.8 per cent.



A net positive 27.8 percent of business in the upper North Island, including Auckland, expect their business to invest in business, equipment over the next 12 months, compared with a net positive 26.7 percent in the central and lower North Island, including Wellington, a net positive 25.7 percent in the upper South Island, including Canterbury, and a net positive 25.3 percent in the lower South Island, including Otago.

The breakdown by regional hubs is as follows:

- Northern – net positive 27.8%
- Central – net positive 26.7%
- Canterbury – net positive 25.7%
- Otago – net positive 25.3%



Barriers and issues businesses are facing

Unprompted, respondents were asked about the barriers or issues their business is currently facing. Of total responses, the following were cited:

- **Staff:** shortages, gaps, talent and attitude – 10.42%
- **General business needs:** scale, development, cash flow, promotion, compliance, confidence – 8.8%
- **Competition:** competitive environment, online sales, regulation, quality – 7.18%

Other issues included client needs, growth, government policy, business capacity, exchange rate, health and safety, and dairy pay-out.

Critical regional issues

Unprompted, respondents were asked about the regional issues that impacted business. Of total responses, the following were cited:

- **Growth:** the need for regionally focused growth – 6.25%
- **Costs:** council costs, transport, travel accessibility, freight costs and compliance – 5.37%
- **Staff:** hiring, retaining, attracting – 4.89%
- **Population:** decline concerns – 3.85%
- **Infrastructure:** need for strategic investment and planning, maintenance – 3.29%

Critical national issues

Unprompted, respondents were asked what barriers and issues were holding New Zealand back. Of total responses, the following were cited:

- **Business:** changing policy and regulatory environment, SME capability, productivity, confidence, need for business development, capital constraints, need for greater investment – 10.83%
- **Government:** local government inefficiency and capability, RMA reform, need for regional strategy, lack of understanding small business needs, compliance – 7.3%
- **Investment:** too narrow focus, need to encourage diversification, research and development, skills, capital – 7.3%

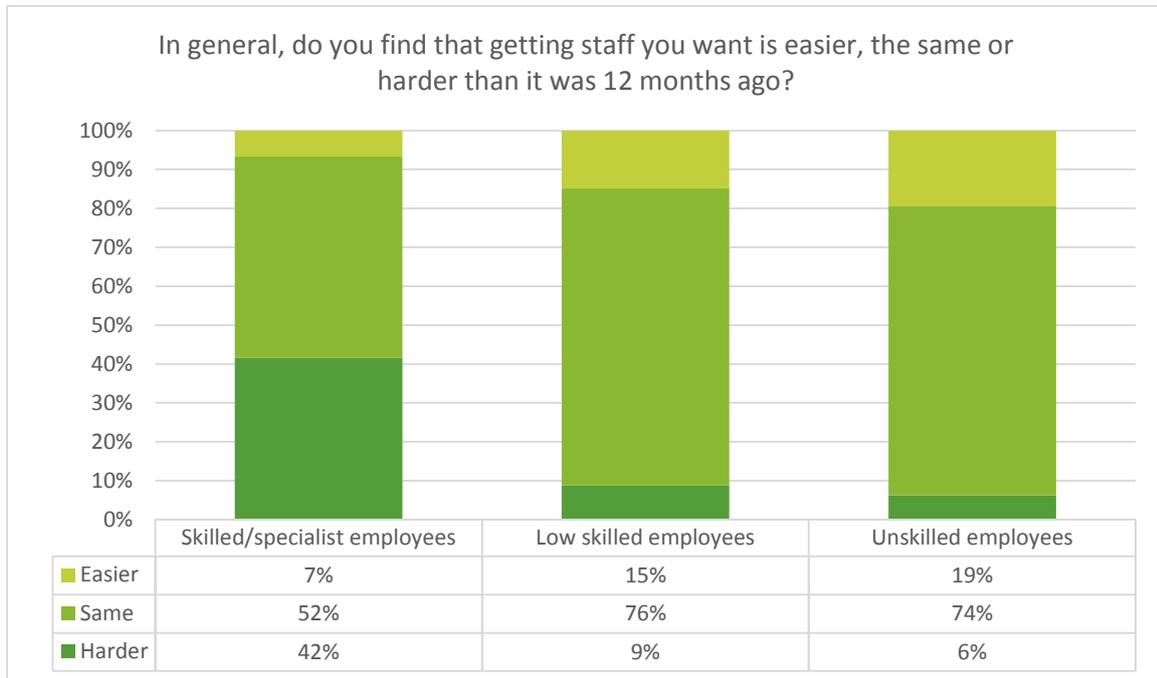
Other issues included industry, housing, Auckland v Regions, Population constraints, confidence, infrastructure, dairy prices and NZD.

Hiring intentions

Staff hiring expectations responses were encouraging, reinforcing that businesses expect their own activity to remain steady. When asked what changes they expect to total staffing numbers over the next three months, a net 30.79 per cent of businesses said they expect to be looking for more staff (39 per cent expect to hire while just 8.21 per cent expect staff numbers to decrease).

Staffing needs

Finding skilled staff continues to be a challenge for businesses, with just 6.6 per cent said it was easier to find skilled staff than it was 12 months ago, with 41.6 per cent saying it was harder.



Of those that said they were facing skill shortages, respondents cited the following needs:

- Qualifications – 7.48%
- Management expertise – 5.96%
- Experience – 5.32%

Other areas where gaps were cited include: Engineers, Knowledge, Chefs, Drivers, Financial, Builders, Developers, Electricians, Health and Safety and Carpenters