



**Business
South**

Quarterly Business Survey

Q3 2024 | In field: 19 - 27 August

Southern business confidence has picked up this quarter, coupled with the recent fall in interest rates and anticipated improvements in individual financial performance and eased labour market constraints. These changes fostered more optimism for business, but challenges for businesses remain.

The Southern region expectations of strength of the economy has come back up this quarter with a positive net positivity score the highest it has been this year at 20%, an improvement from 11% in the last quarter, and 32% six months ago.

Consumer confidence and demand is the top issue and has taken over top spot from inflationary pressures and rising interest rates for 54% of businesses, up from 49% last quarter. Cashflow and accounts payable/receivable is becoming a more prevalent concern, up 5% in the previous quarter and 9% six months ago.

Productivity and growth has held steady at 28% this quarter, which is the highest it's been since the survey began – suggesting despite the improved outlook they are not ready to commit to growth. Although to make any real impact for businesses reducing red tape and compliance costs will be key for government to make a difference here, even getting some quick wins from 'low-hanging fruit' will help SMEs.

The improved outlook saw 44% expecting stronger financial performance in the next 12 months, up 8% in the last quarter. Despite the improved outlook, 65% still expect costs to rise over the next 12 months. Labour market constraints are continuing to decline to 16%, the lowest since the survey began of 43% in May 2023.

Please contact us via advocacy@business-south.org.nz if there are sectors you would like to know more about.

45%

Expect the Southern economy to be stronger in 12 months.

65%

Expect costs to continue rising over the next 12 months.

54%

Identified consumer confidence and demand as a top three concern for their business.

Top Issues

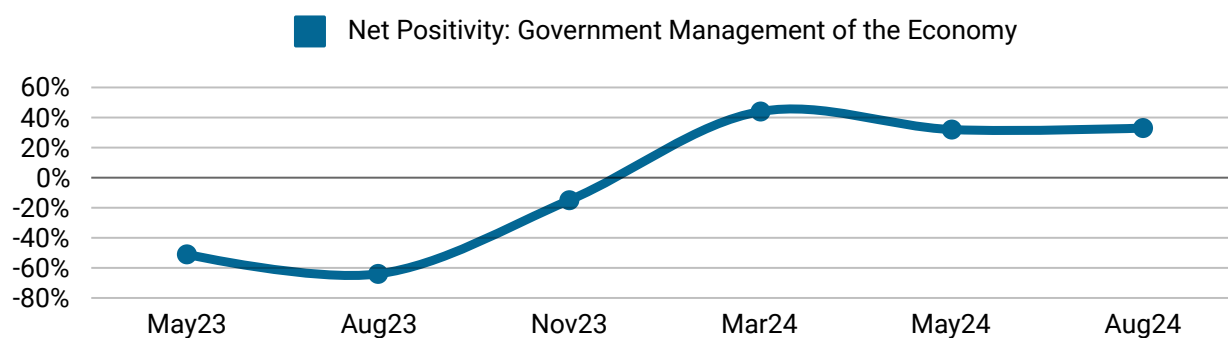
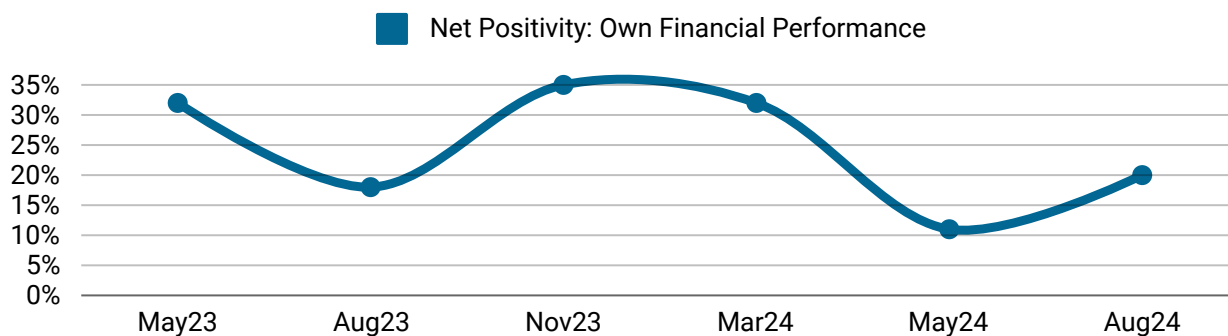
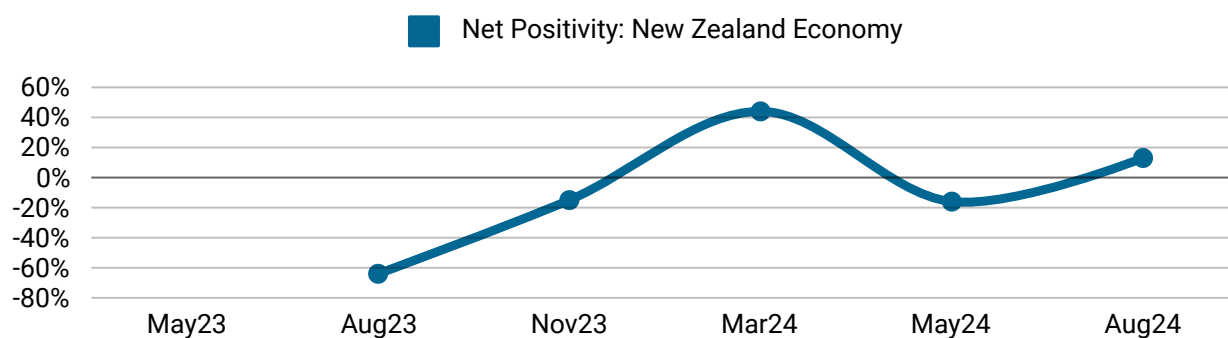
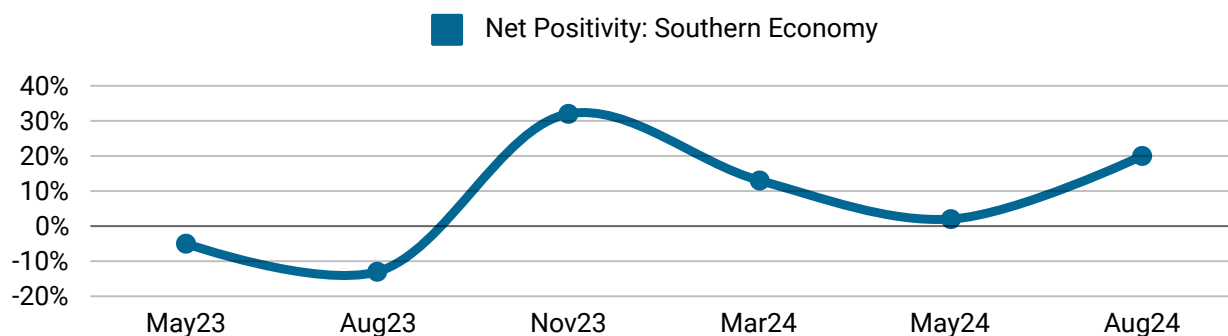
44%

Expect stronger financial performance over the next 12 months.

1. Consumer confidence and demand
2. Inflationary pressure and rising interest rates
3. Increased compliance costs
4. Productivity and growth
5. Cashflow and accounts receivable/payable

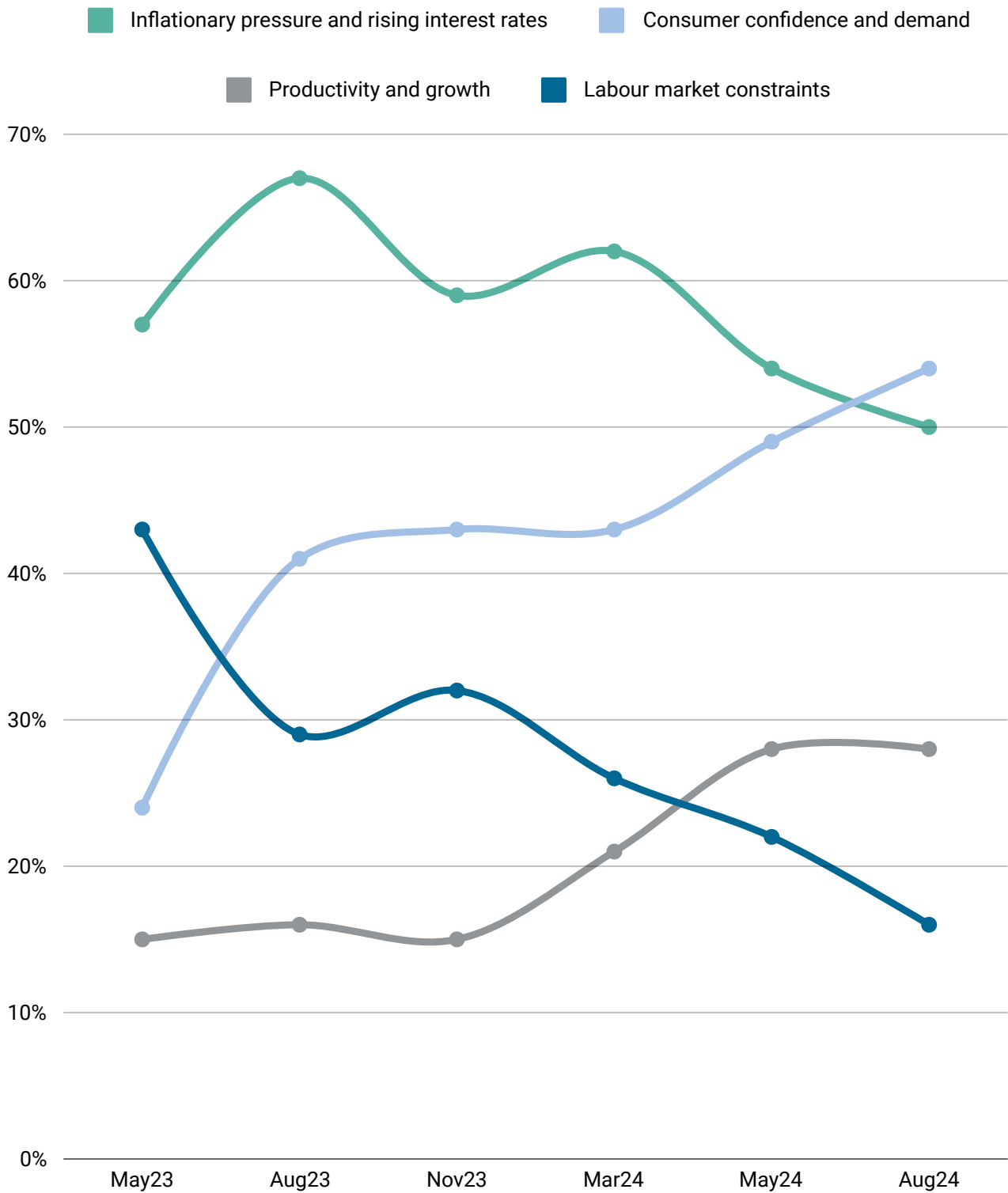
Business confidence: net positivity scores

To calculate a net positivity score, we subtract the percentage of negative responses from the percentage of positive responses. A higher net positivity score indicates a more positive overall sentiment, while a lower score suggests a more negative sentiment.



Top issues

In every survey, we ask respondents to select the three biggest concerns for them. The graph below shows the proportion of respondents who listed one of the following four issues among their top three concerns.



Dunedin City Snapshot



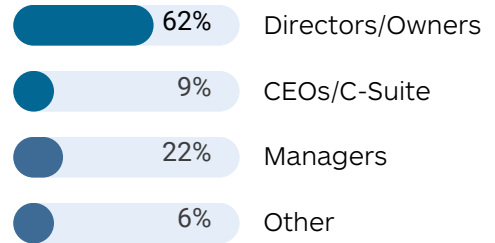
Respondents



SMEs



Large Businesses



Top issues

1. Consumer confidence and demand
2. Inflationary pressure and rising interest rates
3. Productivity and growth
4. Increased compliance costs
5. Cashflow and accounts receivable/payable

Industries

1. Manufacturing & Engineering
2. Construction & Property
3. Other
4. Services – Professional, Administrative, Public, Info, Media, Telco
5. Community, NFP, Health & Social Services

47%

Expect the Southern economy to be stronger in 12 months.

53%

Expect to invest in property, plant, and equipment within the next 12 months.

44%

Expect to hire new staff within the next 12 months.

47%

Expect stronger financial performance over the next 12 months.

40%

Are experiencing significant impacts from rising costs.

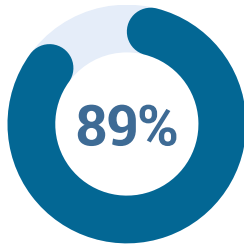
72%

Are confident in their ability to deal with disruption.

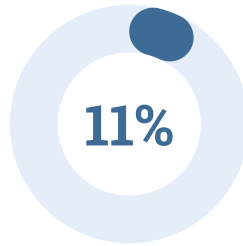
Central Otago and Queenstown Lakes Snapshot



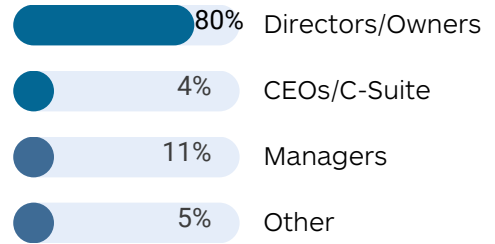
Respondents



SMEs



Large Businesses



Top issues

1. Consumer confidence and demand
2. Inflationary pressure and rising interest rates
3. Increased compliance costs
4. Cashflow and accounts payable/receivable
5. Productivity and growth

Industries

1. Accommodation & Hospitality
2. Tourism
3. Services - Professional, Administrative, Public, Info, Media, Telco
4. Other
5. Manufacturing and Engineering

41%

Expect the Southern economy to be stronger in 12 months.

52%

Expect to invest in property, plant, and equipment within the next 12 months.

45%

Expect to hire new staff within the next 12 months.

43%

Expect stronger financial performance over the next 12 months.

51%

Are experiencing significant impacts from rising costs.

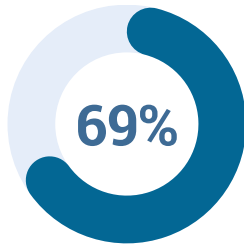
53%

Are confident in their ability to deal with disruption.

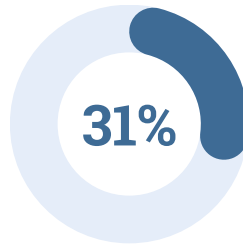
Waitaki Snapshot



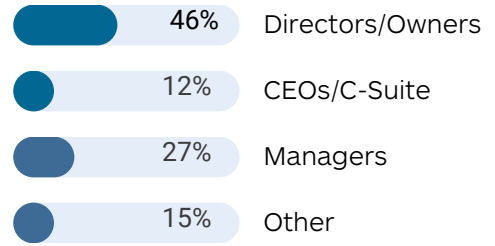
Respondents



SMEs



Large Businesses



Top issues

1. Inflationary pressure and rising interest rates
2. Increased compliance costs
3. Consumer confidence and demand
4. Mental health and fatigue
5. Productivity and growth & Cashflow and accounts payable/receivable & Other

Industries

1. Manufacturing and Engineering
2. Other
3. Construction and Property
4. Primary Industries and Agriculture
5. Services - Professional, Administrative, Public, Info, Media, Telco

56%

Expect the Southern economy to be stronger in 12 months.

52%

Expect to invest in property, plant, and equipment within the next 12 months.

52%

Expect to hire new staff within the next 12 months.

57%

Expect stronger financial performance over the next 12 months.

64%

Are experiencing significant impacts from rising costs.

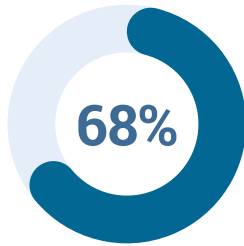
82%

Are confident in their ability to deal with disruption.

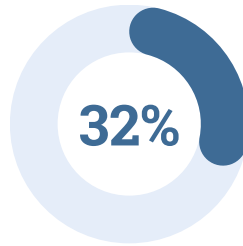
Southland Snapshot



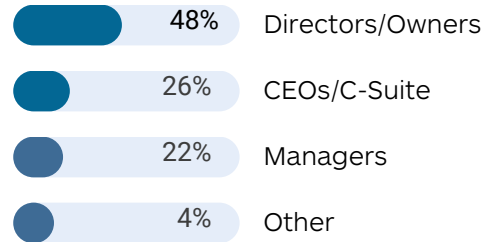
Respondents



SMEs



Large Businesses



Top issues

1. Increased compliance costs
2. Inflationary pressure and rising interest rates and consumer confidence and demand
3. Productivity and growth
4. Labour market constraints

Industries

1. Manufacturing and Engineering
2. Other
3. Primary Industries and Agriculture
4. Education and Training
5. Community, NFP, Health and Social Services

44%

Expect the Southern economy to be stronger in 12 months.

72%

Expect to invest in property, plant, and equipment within the next 12 months.

60%

Expect to hire new staff within the next 12 months.

40%

Expect stronger financial performance over the next 12 months.

40%

Are experiencing significant impacts from rising costs.

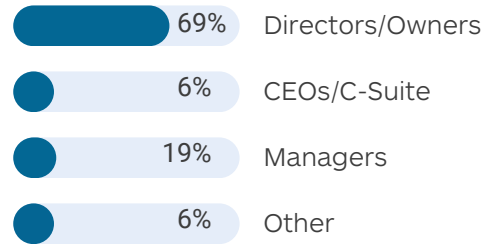
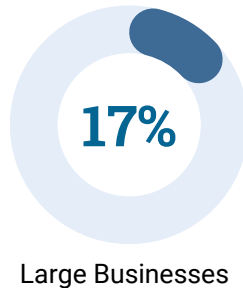
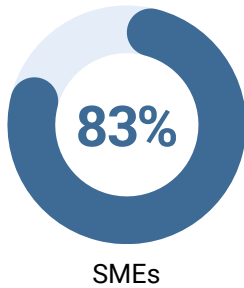
72%

Are confident in their ability to deal with disruption.

Manufacturing and Engineering Snapshot



Respondents



Top issues

1. Consumer confidence and demand
2. Inflationary pressure and rising interest rates
3. Increased compliance costs
4. Productivity and growth
5. Cashflow and accounts payable/receivable

56%

Expect the Southern economy to be stronger in 12 months.

65%

Expect to invest in property, plant, and equipment within the next 12 months.

42%

Expect to hire new staff within the next 12 months.

46%

Expect stronger financial performance over the next 12 months.

49%

Are experiencing significant impacts from rising costs.

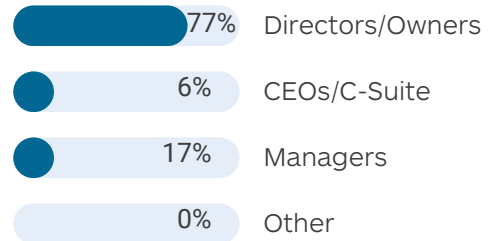
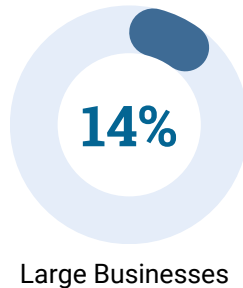
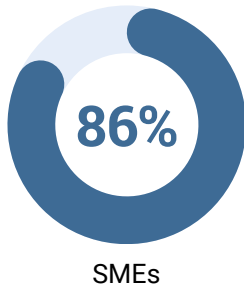
60%

Are confident in their ability to deal with disruption.

Retail, Tourism, Hospitality and Accommodation Snapshot



Respondents



Top issues

1. Consumer confidence and demand
2. Inflationary pressure and rising interest rates
3. Increased compliance costs
4. Mental health and fatigue
5. Cashflow and accounts payable/receivable

36%

Expect the Southern economy to be stronger in 12 months.

51%

Expect to invest in property, plant, and equipment within the next 12 months.

45%

Expect to hire new staff within the next 12 months.

39%

Expect stronger financial performance over the next 12 months.

62%

Are experiencing significant impacts from rising costs.

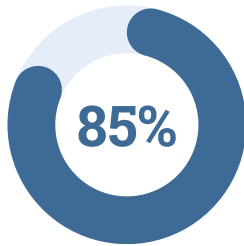
59%

Are confident in their ability to deal with disruption.

Construction and Property Snapshot



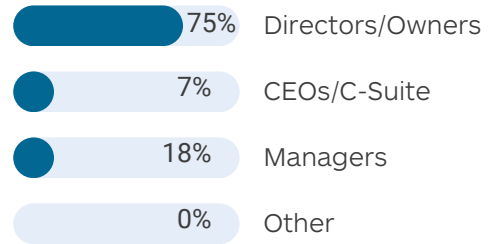
Respondents



SMEs



Large Businesses



Top issues

1. Inflationary pressure and rising interest rates & Consumer confidence and demand & productivity and growth

2. Increased compliance costs

3. Cashflow and accounts payable/receivable

71%

Expect the Southern economy to be stronger in 12 months.

54%

Expect to invest in property, plant, and equipment within the next 12 months.

42%

Expect to hire new staff within the next 12 months.

58%

Expect stronger financial performance over the next 12 months.

35%

Are experiencing significant impacts from rising costs.

70%

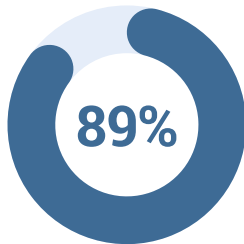
Are confident in their ability to deal with disruption.

Services Snapshot

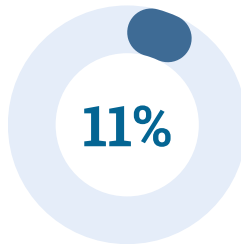


Professional, Administrative, Public, Info, Media & Telco

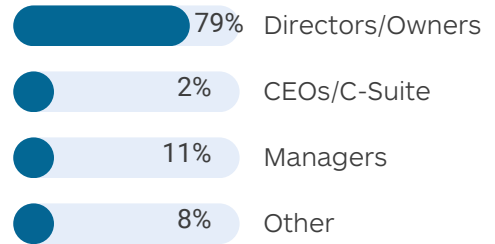
Respondents



SMEs



Large Businesses



Top issues

1. Consumer confidence and demand
2. Inflationary pressure and rising interest rates
3. Productivity and growth & cashflow and accounts payable/receivable
4. Increased compliance costs & mental health and fatigue
5. Adoption of Artificial Intelligence and digital transformation

40%

Expect the Southern economy to be stronger in 12 months.

49%

Expect to invest in property, plant, and equipment within the next 12 months.

35%

Expect to hire new staff within the next 12 months.

54%

Expect stronger financial performance over the next 12 months.

33%

Are experiencing significant impacts from rising costs.

81%

Are confident in their ability to deal with disruption.