

TARANAKI BUSINESS SURVEY RESULTS

June 2023

TARANAKI BUSINESS SURVEY

Te Puna Umanga/ Venture Taranaki, the Regional Development Agency, has undertaken a six-monthly Business Survey since 1999. The results provide a useful overview of economic and business conditions in our region, for use in business planning and decision making.

The survey had a number of standard economic questions which 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 were **Budget 2023** and **Change and Disruption**, and **Artificial Intelligence (AI)**.

This survey was opened on Friday 19 May 2023 and closed on Friday 9 June 2023.

Questionnaires are sent to approximately 1,502 enterprises throughout Taranaki, and across a range of industry sectors. The survey link is also shared via social media channels. With 153 respondents, the response rate is approximately 10.2% and average completion rate is 78%. This survey is open to enterprise owners and managers only. A breakdown of the respondent profiles is included on pages 38-41.

If you have any questions regarding this survey, please contact Venture Taranaki - info@venture.org.nz.

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

SUMMARY

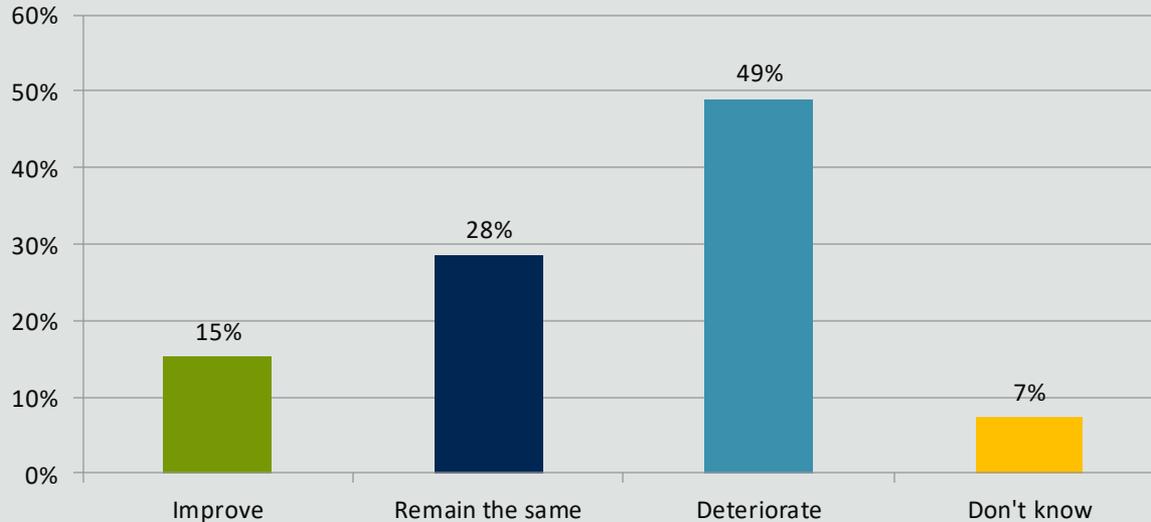
- There are continuous concerns from businesses in Taranaki about the economic outlook for New Zealand and Taranaki in 2023. The level of concerns about the economic outlook declining for New Zealand and Taranaki have softened slightly compared to December 2022.
- Businesses in Taranaki have indicated they are more positive in terms of their own industry improving or remaining the same.
- Skill shortage pressures in the region have increased slightly in the last 6 months, however businesses are struggling to secure specialists and reliable workforce.
- Wage rates/staff costs rank as the top concern for businesses, which was second top concern last December. Following this is interest rates and cost of materials.
- Infrastructure improvement is needed in certain areas, and efficient transportation pathway is anticipated. Concerns towards extreme weather impact on infrastructure was also highlighted.
- The overall response to the Government's 2023 Budget is not considered “business friendly” by the majority of respondents.
- Farming/food production, environment/climate change, transport modes and methods are the top 3 factors that Taranaki businesses think could have an impact on their industry by 2030.
- Taranaki businesses indicated a level of knowledge and ability about Artificial Intelligence, which could empower businesses to increase application use in the near future.

ECONOMIC CONDITIONS



BUSINESS CONFIDENCE: NEW ZEALAND

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

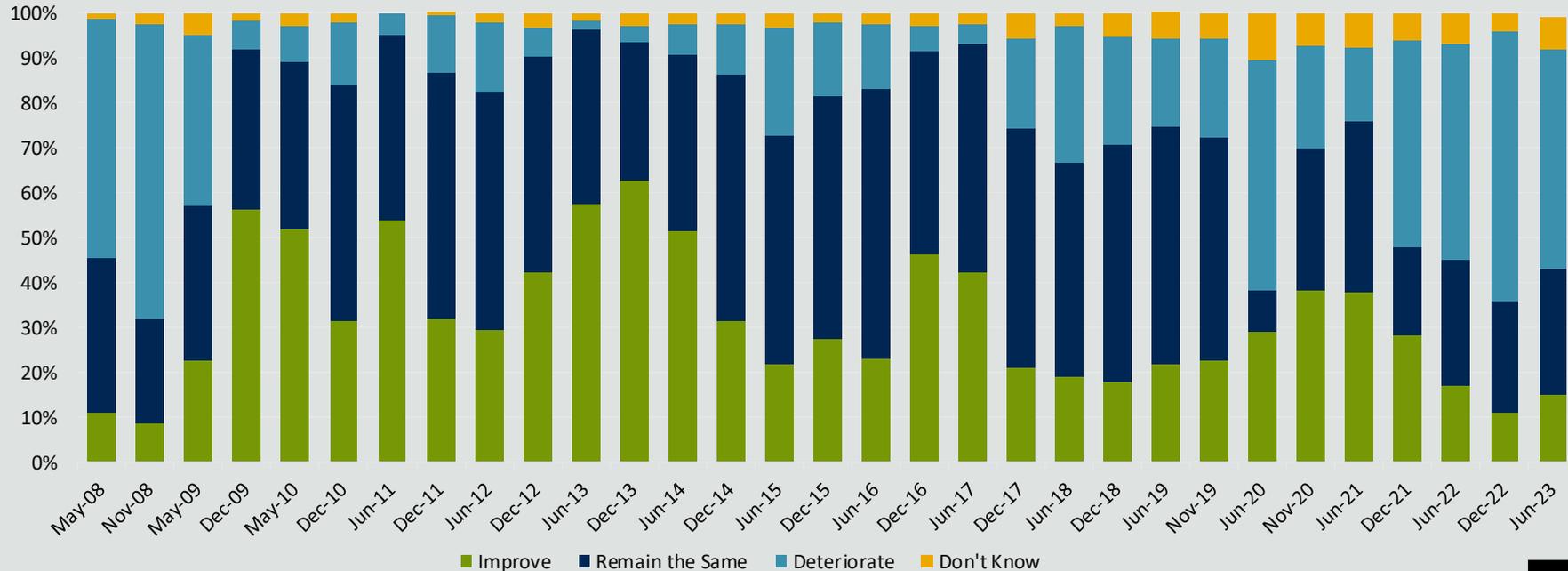


15% of respondents expect an improvement in the general business situation in New Zealand (increasing from 11% in December 2022)

49% of respondents anticipate the general business situation in New Zealand to deteriorate, compared with 60% in the December 2022 survey.

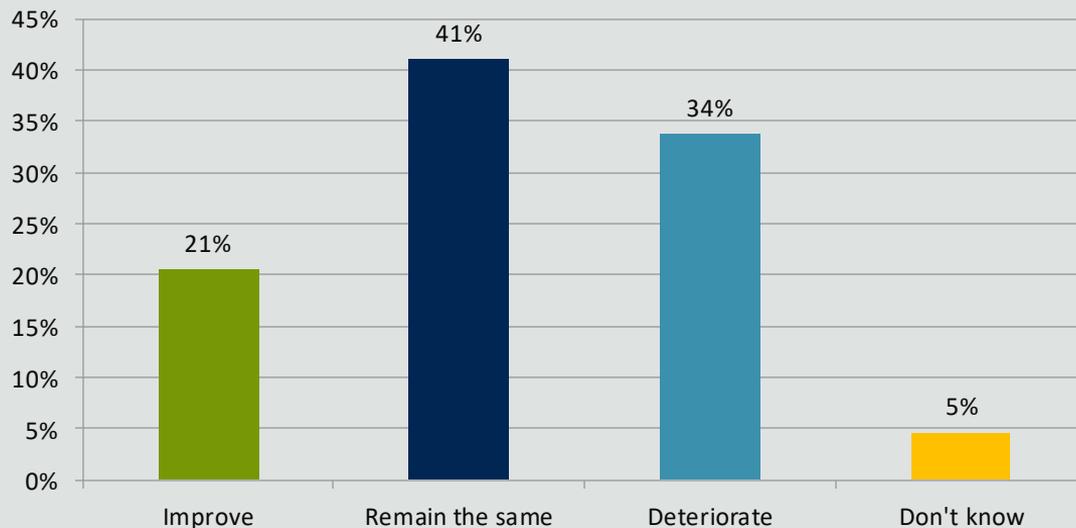
BUSINESS CONFIDENCE: NEW ZEALAND YEAR ON YEAR SUMMARY

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:



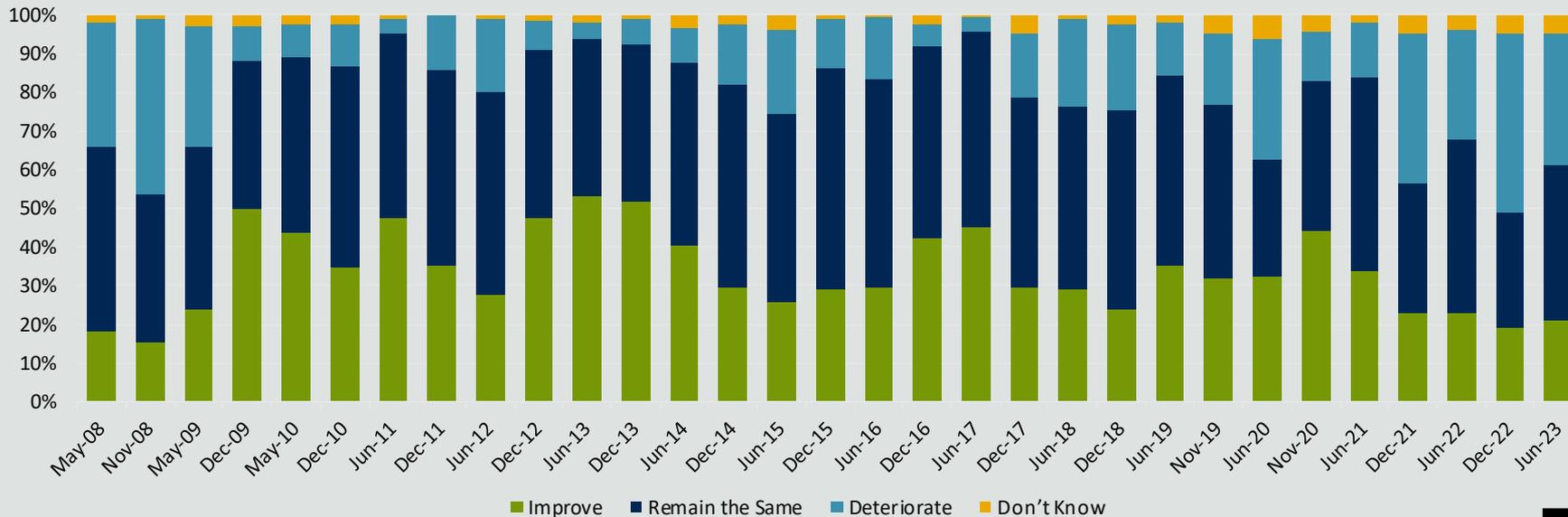
Respondents expecting improvement of the general business situation in their industry sector has increased slightly to 21% in June 2023 from 19% in December 2022.

The majority of the respondents (41%) expected their industry conditions to remain the same.

34% of the respondents anticipate the business conditions in their industry to deteriorate, which dropped from 46% in December 2022.

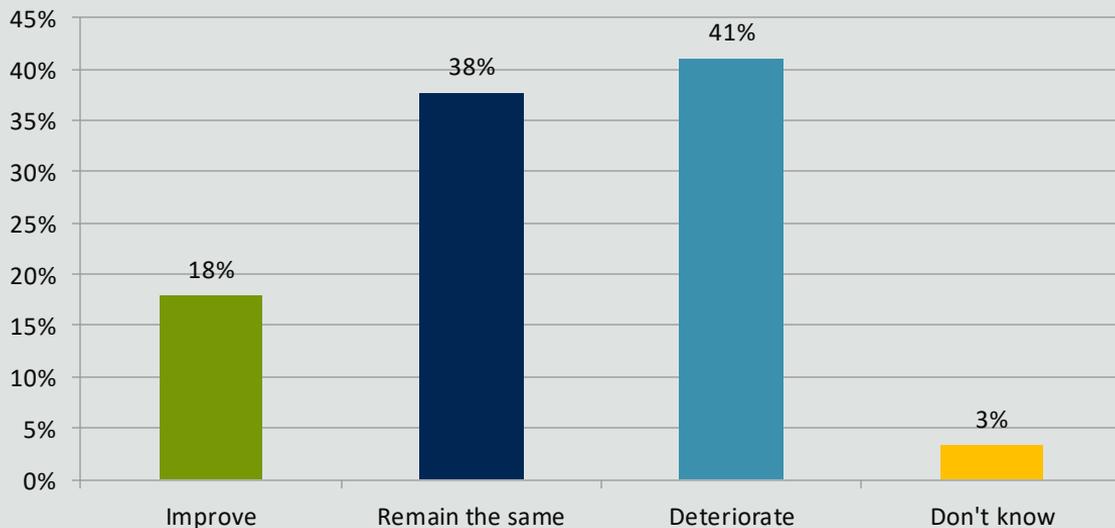
INDUSTRY OUTLOOK: YEAR ON YEAR SUMMARY

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:

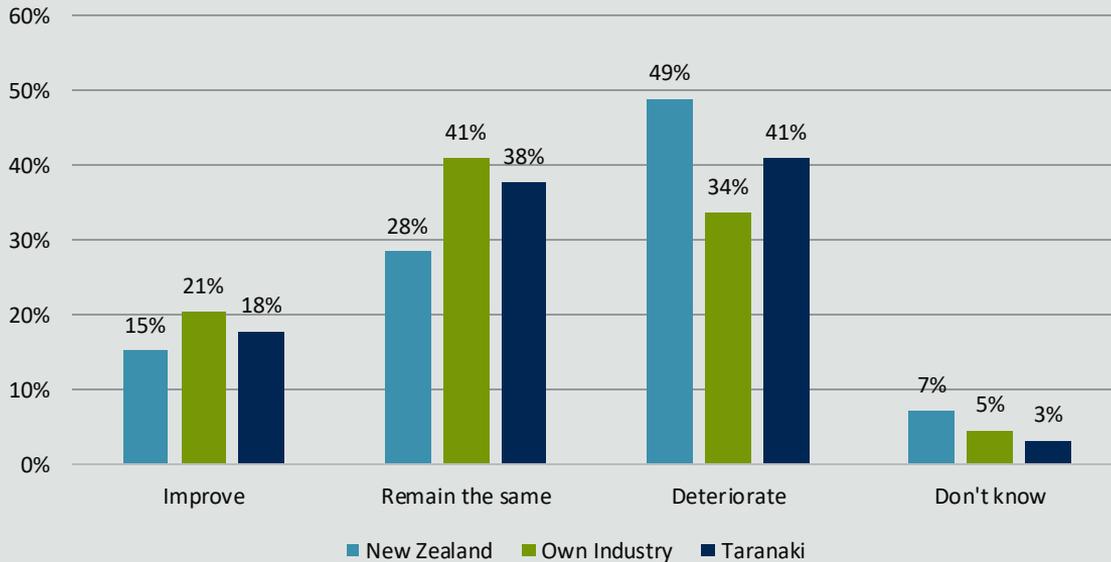


41% of the respondents anticipate the general business situation in Taranaki will deteriorate, which dropped from 51% in December 2022.

There is a slight increase in businesses expecting the general business situation in Taranaki to improve (18%) and remain the same (38%) compared to December 2022.

NZ VS. INDUSTRY VS. TARANAKI

Conditions over the next 12 months



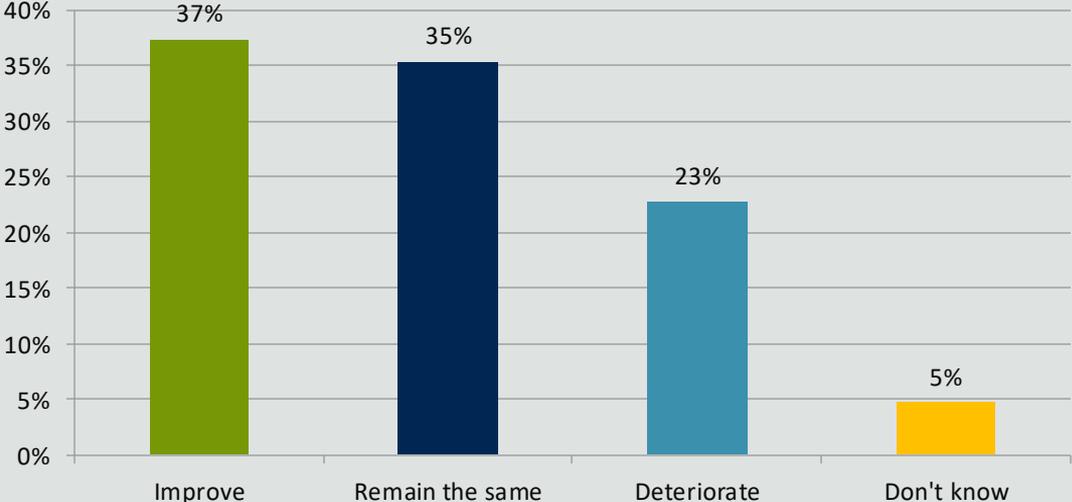
Respondents have expressed continuous concerns about the outlook for New Zealand and Taranaki.

Comparatively they have more positive thought in terms of their own industry to improve and remain the same.

SALES FORECAST

Question 4:

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



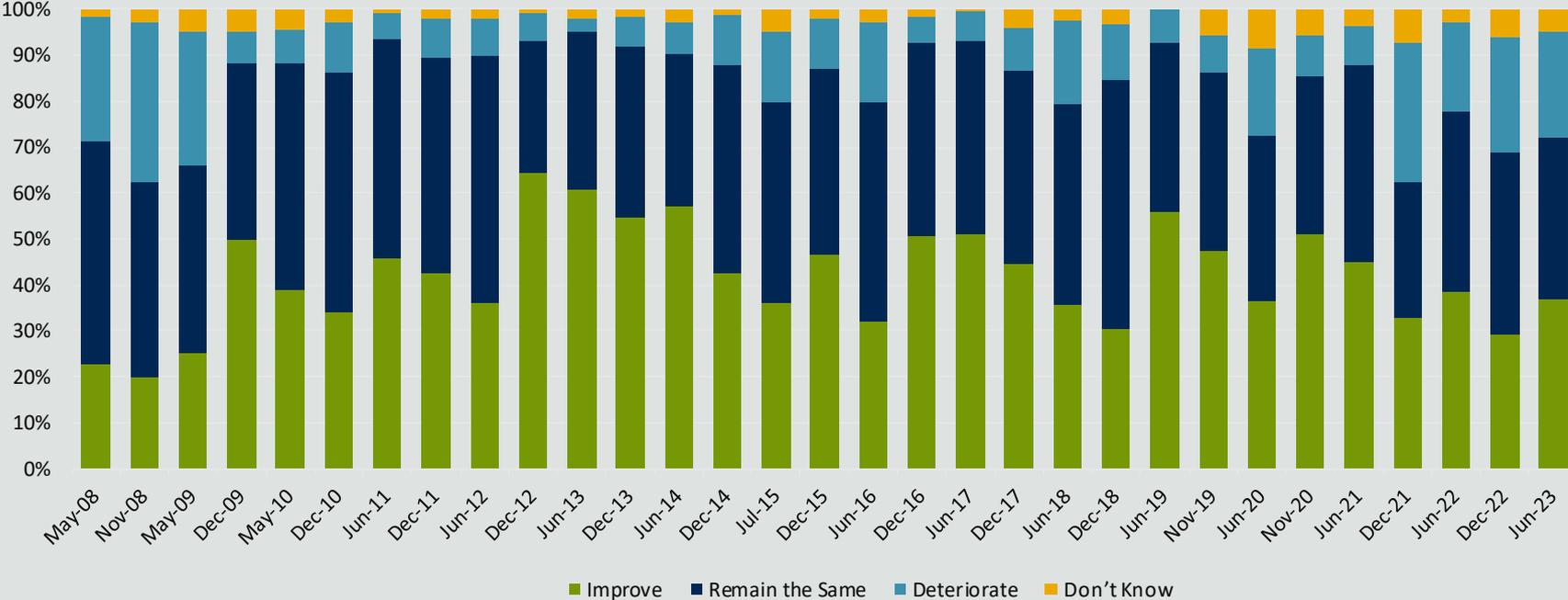
37% of respondents expect their sales levels to improve over the next 6 months, increasing from 29% in December 2022.

35% of respondents expect no change in the next 6 months.

23% of respondents anticipate sales to deteriorate.

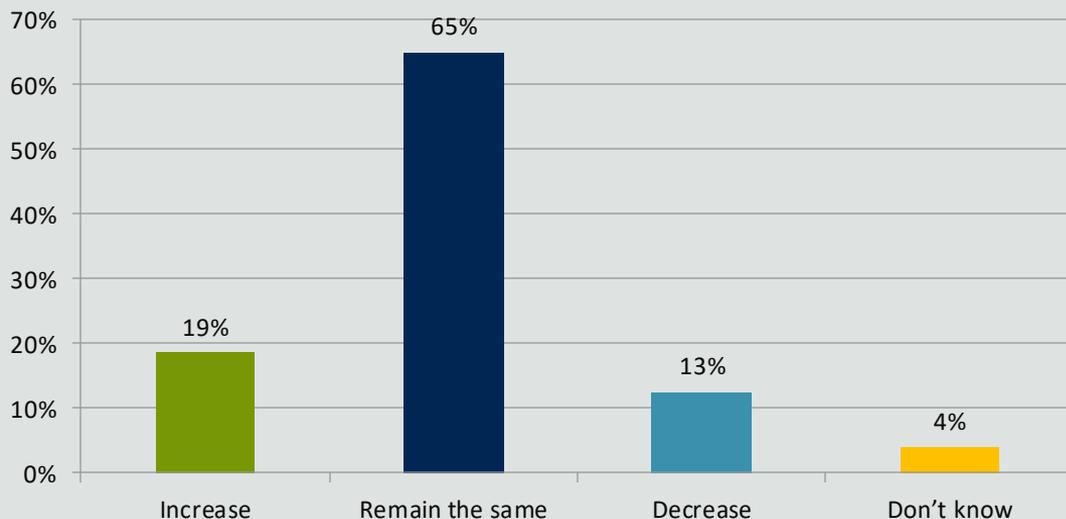
SALES FORECAST: YEAR ON YEAR SUMMARY

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:

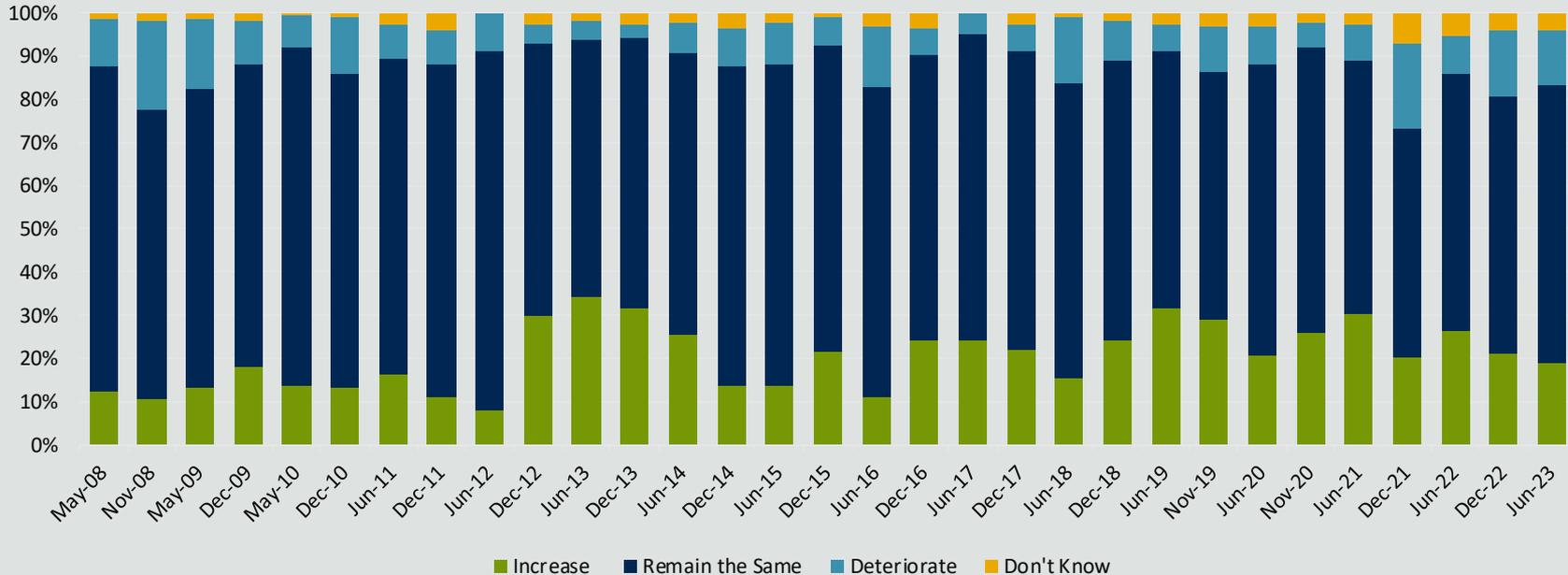


Respondents expressed a strong expectation that their employee numbers will remain the same over the next 6 months, increasing from 60% in December 2022 to 65% in June 2023.

19% of respondents expect their employee numbers to increase, which is a slight drop compared to December 2022 (21%).

EMPLOYEE NUMBERS: YEAR ON YEAR SUMMARY

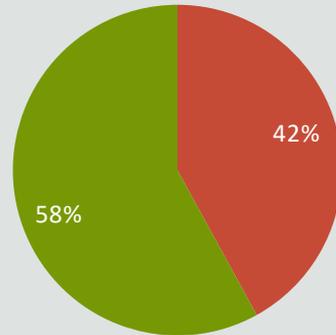
In the next 6 months, do you expect employee numbers in your business to:



RECRUITMENT

Question 6:

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



■ Yes ■ No

Respondents who were currently recruiting indicated that they were experiencing difficulties, the percentage of which increased to 42% from 38% in December 2022.

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?



SKILLS SHORTAGE COMMENTS

"It's very hard to find candidates for any technical specialist roles."

"Hard to find people willing to work in the industry. So many are caught up in the social media craze of corporate America that they cannot separate that from real life. Young ones don't want to enter the workforce and older ones generally don't want to do the training to upskill."

"NZ is becoming a hard place to live. People will start moving back to Australia. Too much red tape for business."

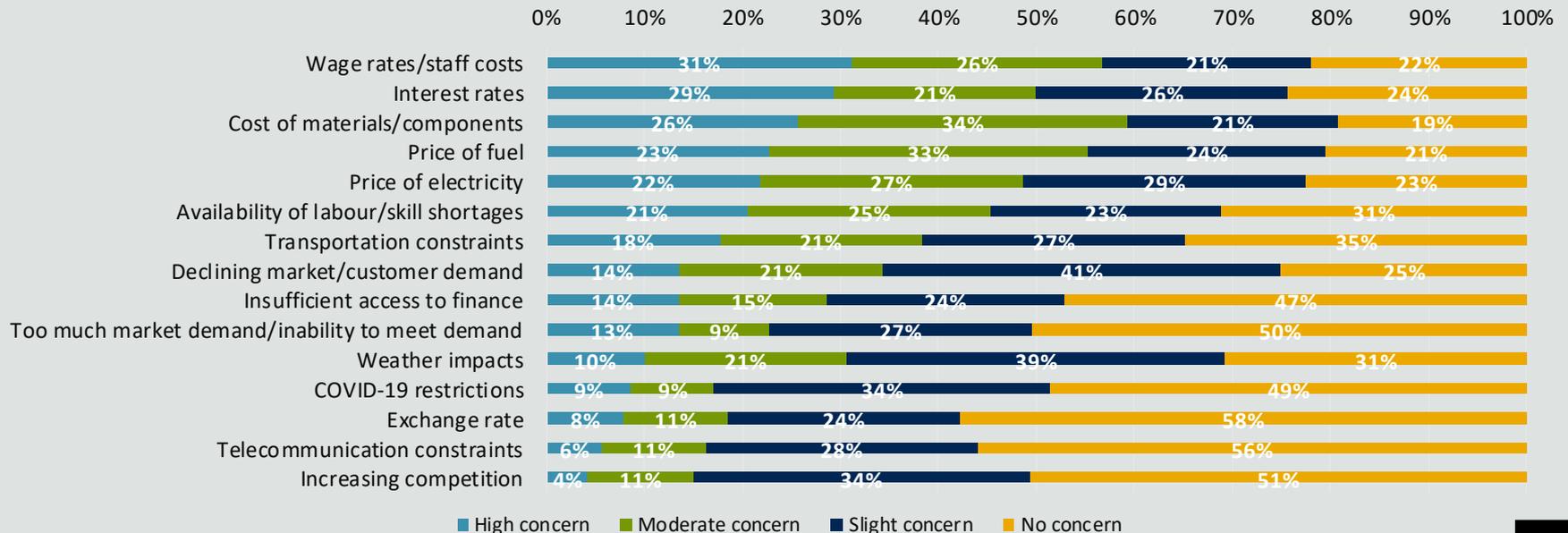
"Shortage of experience Warehouse Staff with the relevant Skills and experience."

"We have found there is a significant shortage of heavy vehicle mechanics and drivers."

"Getting the correct person for a position is difficult due to people exiting NZ, lack of people entering NZ to work and the current woke government allowing people not to work while over paying them."

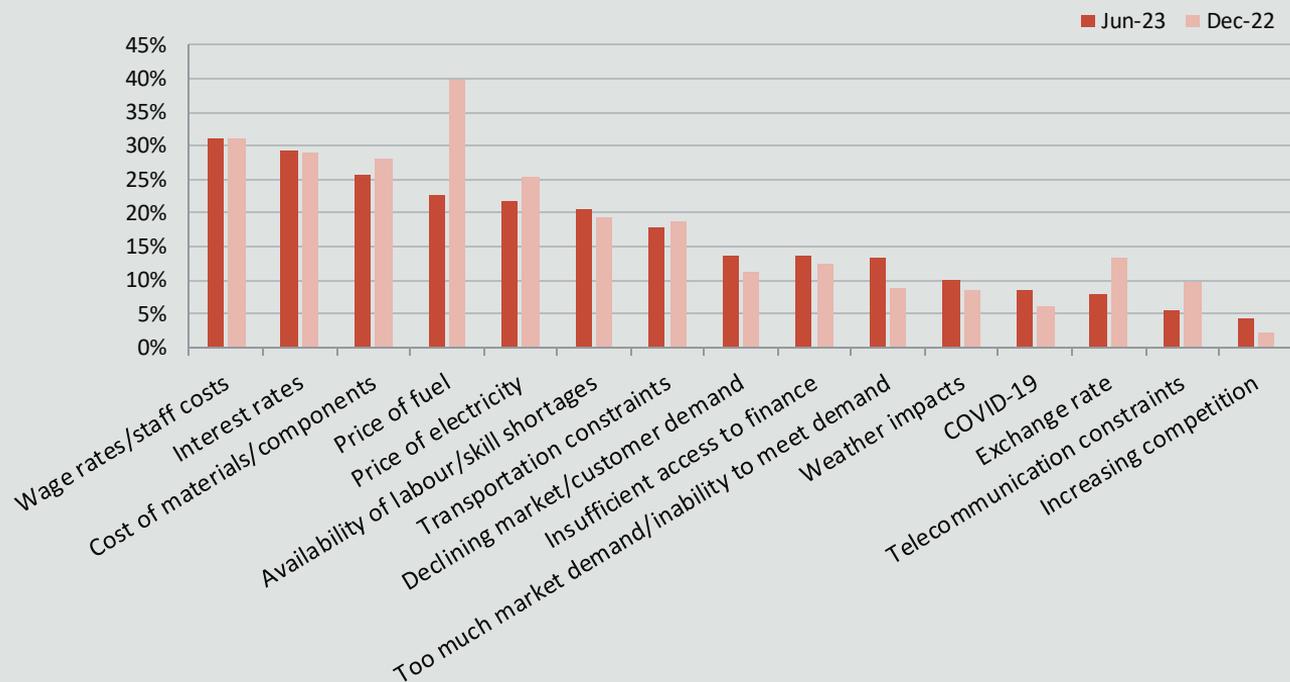
TARANAKI BUSINESS CONCERNS

Question 7: Please indicate 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



We have seen a shift in the top 3 concerns compared to December 2022, due to inflation.

Wage rates/staff costs now rank as the top concern for businesses. Previously this was the second top concern in December 2022.

Concerns about Interest rates, and cost of materials/components follow.

It was noticeable that concerns over fuel pricing dropped significantly, however price of electricity still ranks high and is now at a similar level of concern to fuel prices.

BUSINESS CONCERN COMMENTS

“Wage costs are a significant part of our budget. The increased sick leave entitlements paid by employers, extra public holiday paid by employers along with increasing minimum pay rates that mean all other wages must increase to keep parity is making hospitality a very difficult environment.”

“The price of electricity has tripled in the last twelve months for our business , the lack of media coverage of this is disturbing as it impacts on our business and our business model are significant. We have recently introduced an energy surcharge as a result. The lack of competition in the refrigerated transport space in Taranaki is disturbing and impacts the competitiveness of our business considerably, Halls and Big Chill disadvantage Taranaki Business to a great extent and this should be highlighted.”

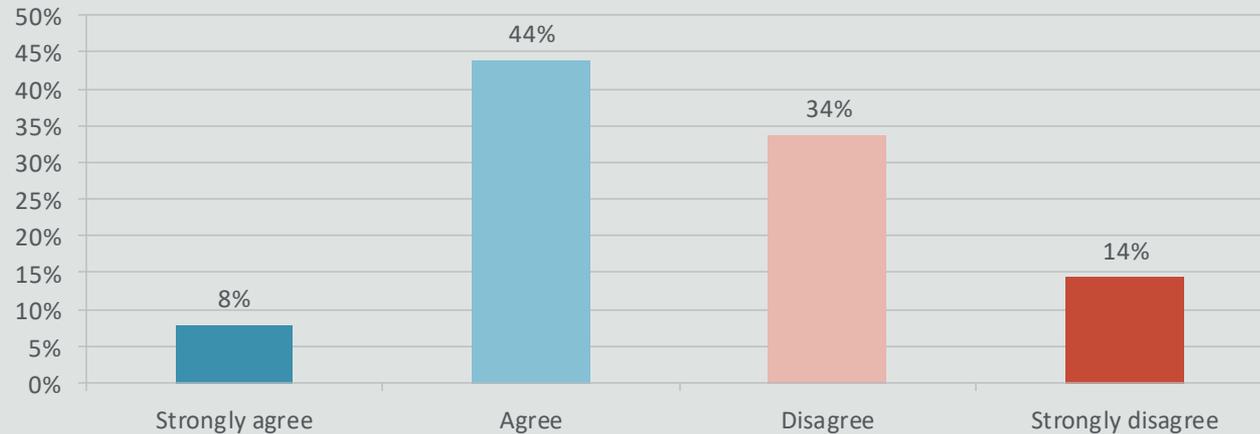
“There is uncertainty with demand mid to long term. Taranaki roading is poor and risk of being cut off which impacts delivery of materials for production.. International freight costs are still very high which has a major impact on cost competitiveness for export orders.”

“Slow down in the housing market will affect our manufacturing business which is dependent on new builds and renovations which are often funded by mortgage lending. Interest rate rises will affect borrowing capacity and how much people spend on these things. Which is fine and healthy but it will decrease the amount of work coming in the door.”

TARANAKI BUSINESS CONCERNS: INFRASTRUCTURE

Question 8:

Please rate the following statement: Taranaki has all the infrastructure required for our enterprise/organisation to flourish (examples of infrastructure include roads, power connections, broadband etc)



INFRASTRUCTURE COMMENTS

"With the cost of living in the major cities becoming unbearable, I believe people and businesses are looking towards Taranaki as an alternative. This is good, hopefully we have the infrastructure to support the extra demand."

"The roading needs a lot more work. The traffic during the day crossing town is ridiculous for a city our size. Also, our inability to use the port or rail to ship our pipes around NZ has a major impact on cost as we have to use road freight which is expensive, particularly when shipping to the south island and all of the reliability issues with the ferries."

"Roads, power and broadband have been here for quite some time, I feel small towns in Taranaki lack local support due to the ease to travel to larger places that have a greater amount of financial support."

"We have just a sufficient amount. But it's under strain and under maintained. If we keep adding short term businesses that have no life outside of 10 years, without upgrading our infrastructure, then our infrastructure will fail. We need to upgrade and maintain it better."

"My primary concern is that Taranaki is very interconnected between towns, but significant weather events could destroy the infrastructure needed to travel between towns and littler villages and/or even crashes causing significant travel issues."

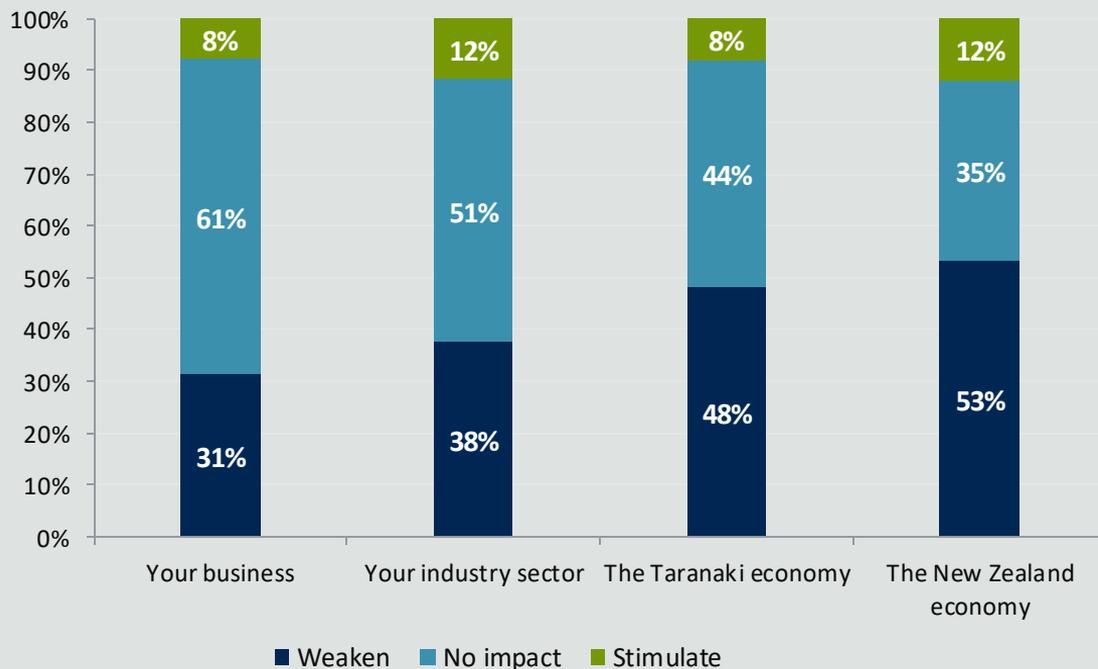
BUDGET 2023



IMPACT OF BUDGET 2023 ON TARANAKI ENTERPRISE

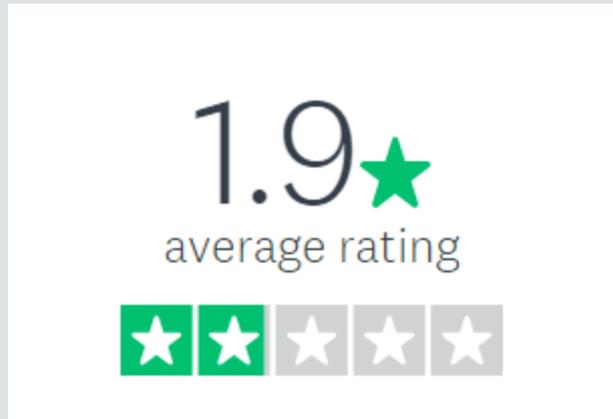
Question 10:

What impact do you think the 2023 budget will have on...

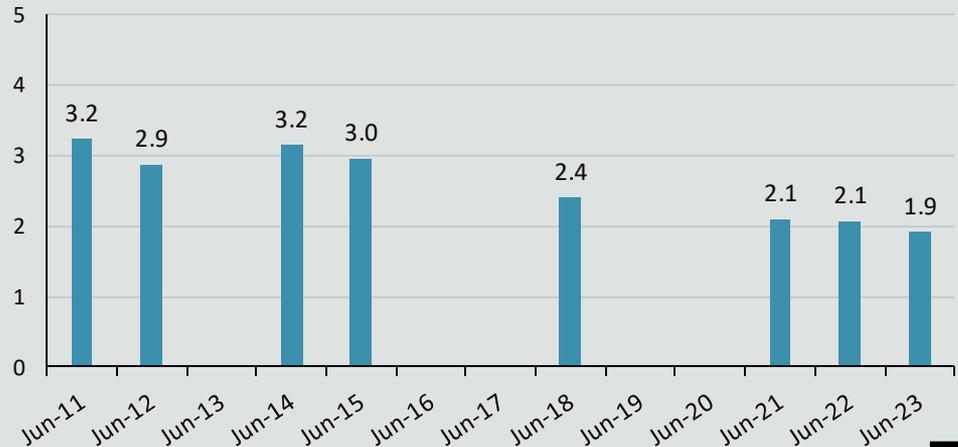


BUDGET 2023 RATE

Question 13: How would you rate the 2023 Budget overall in terms of "business friendliness"? (rating out of five)



Budget Ranking (out of 5), 2011-2023



BUDGET 2023 COMMENTS



- Support for childcare, bridging the gap between maternity leave and subsidised day-care will help many working parents.
- Increased free early childhood centre hours, free & half price public transport for young adults, spending in education sector.
- Early childhood education(ECE) funding available from 2-years of age, helping more mothers get back into the workforce quicker and not to be closed out of their careers.
- Funding for digital transformation- although it is still only a small amount of money.
- Removing prescription charges lowers healthcare costs and accessibility to staff.
- The investment in building the video game industry in New Zealand is really promising. The investment in digital skills and the continuation of the apprenticeship boost programme were good points too.
- It was a conservative budget that allowed for later blow outs. It didn't put borrowing for short-term relief at the top and allowed for money to be borrowed if we needed it.



- That the government is not more focused on improving aging/failing infrastructure that is being impacted by weather events and supporting industry which they don't seem to realise is important for NZ's independence, economic prosperity and the creation of jobs.
- It did nothing to help ease the housing crisis for people trying to get on the property ladder, if anything it seemed to make it safer for investors to hold onto and continue to over inflate the market
- Not helping businesses, to keep growing, with continually adding more Taxes/ Expenses to running a business, which limits the ability to continually keep competitive and employ people.
- Continuing increase in deficit spending likely to fuel inflation and therefore interest rates. Reserve Banks both in AUS and NZ have noted that Govt needs to do some of the lifting to reduce demand. The NZ Govt has not got the memo.
- There was nothing offered for businesses - small or large (unless in the Gaming Industry). The budget will have a detrimental effect on the NZ economy in terms of high inflation for longer and interest rates.

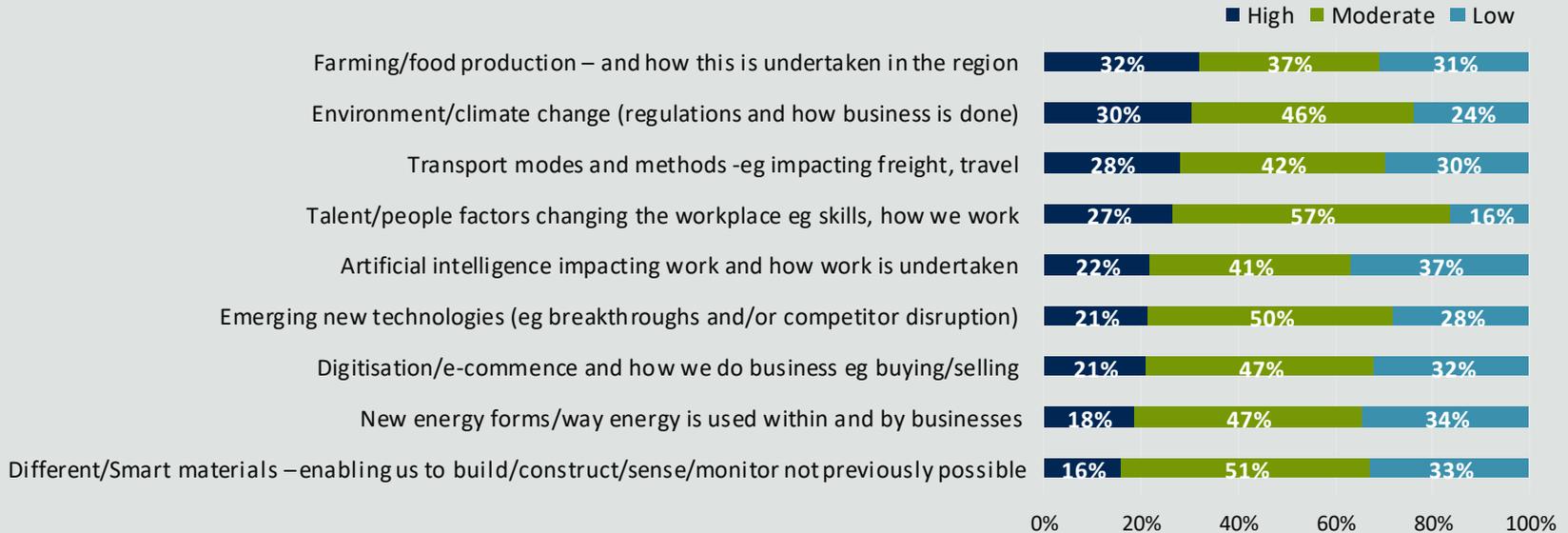
CHANGE AND DISRUPTION

A close-up photograph of a hand pressing a key on a futuristic, glowing blue keyboard. The key being pressed has the words "DIGITAL TRANSFORMATION" written on it in a bold, white, sans-serif font. The background is dark with glowing blue light trails and digital icons, creating a high-tech, digital atmosphere.

*DIGITAL
TRANSFORMATION*

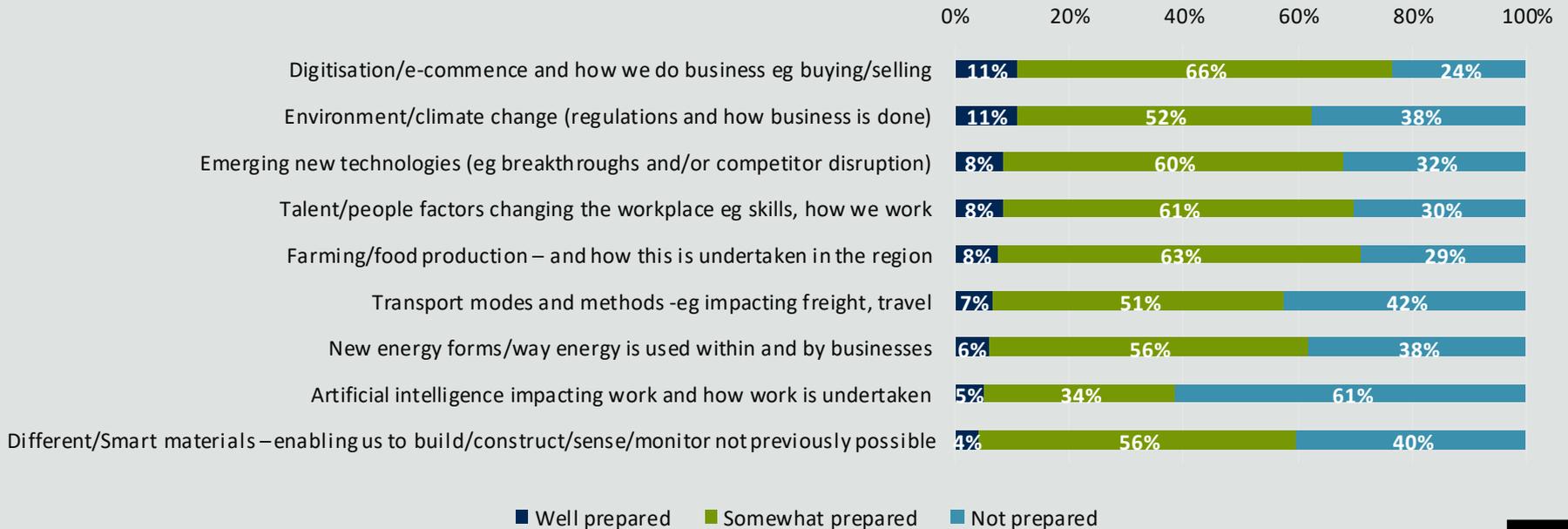
CHANGE AND DISTRUPTION IMPACT

Question 14: Please rate the following factors in terms of the degree of disruption/change they could have on business/industry in our region by 2030



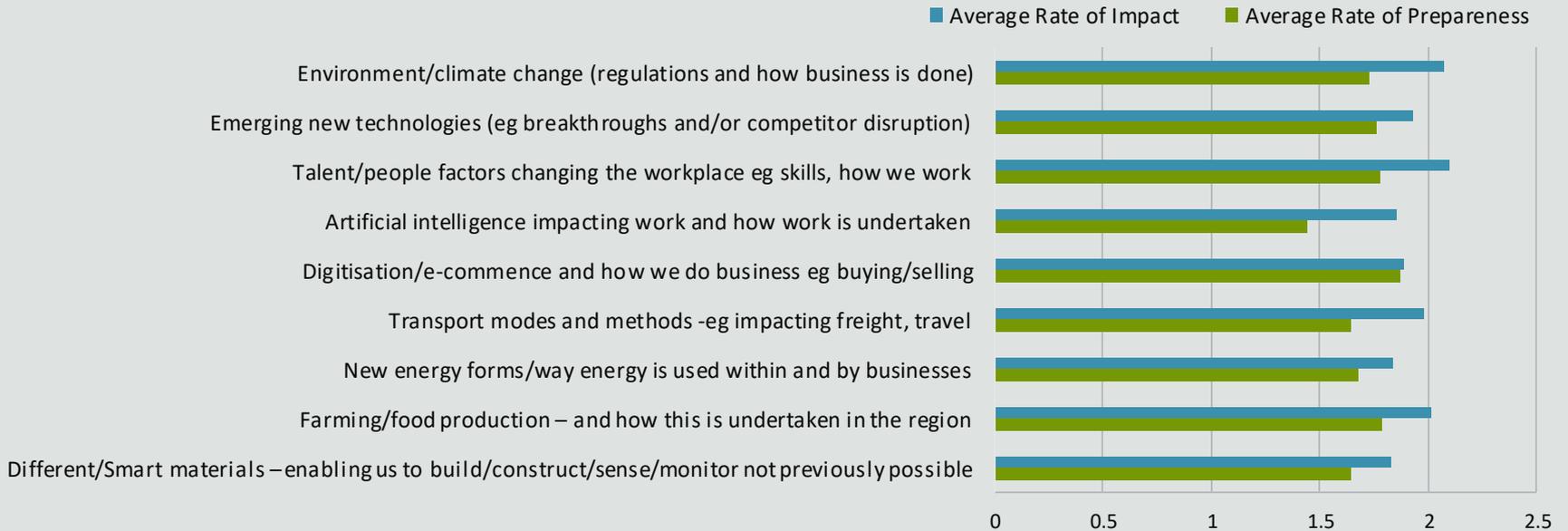
CHANGE AND DISTRUPTION PREPARENESS

Question 15: Please select the following factors in terms of how prepared/planned you believe businesses/industry in our region are for such changes

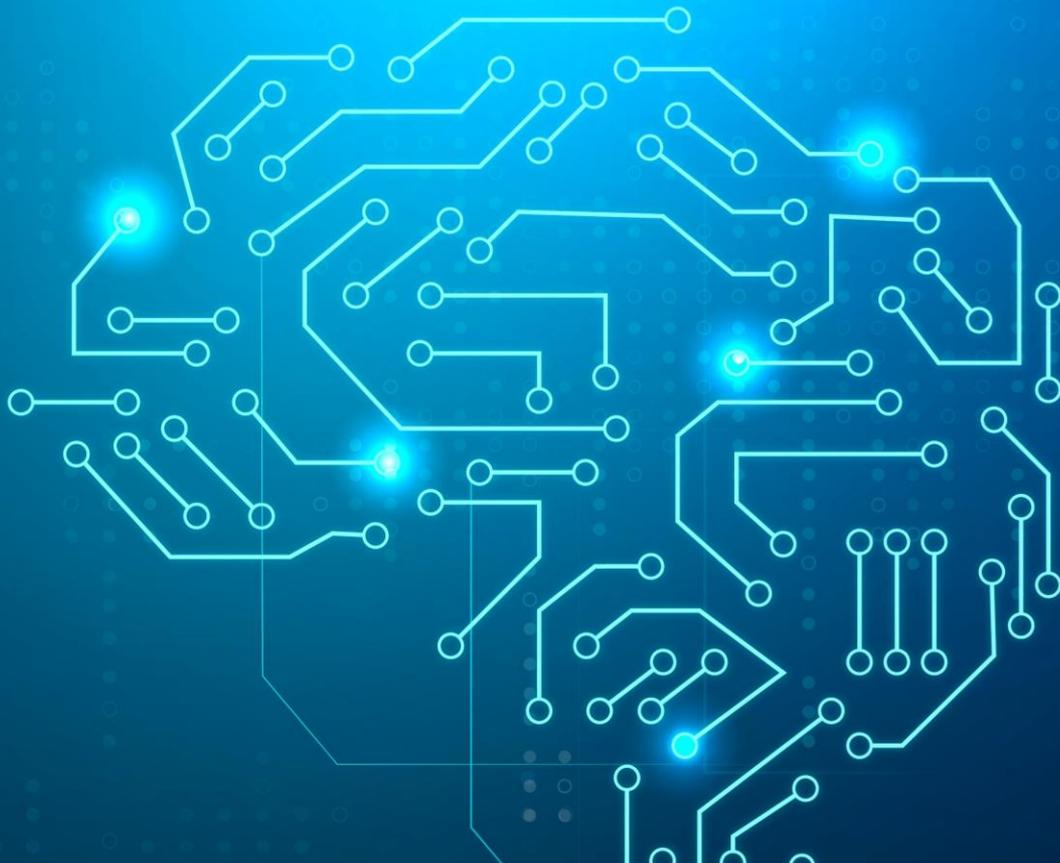


COMPARISON

Average rate comparison of the following factors in terms of the degree of disruption/change

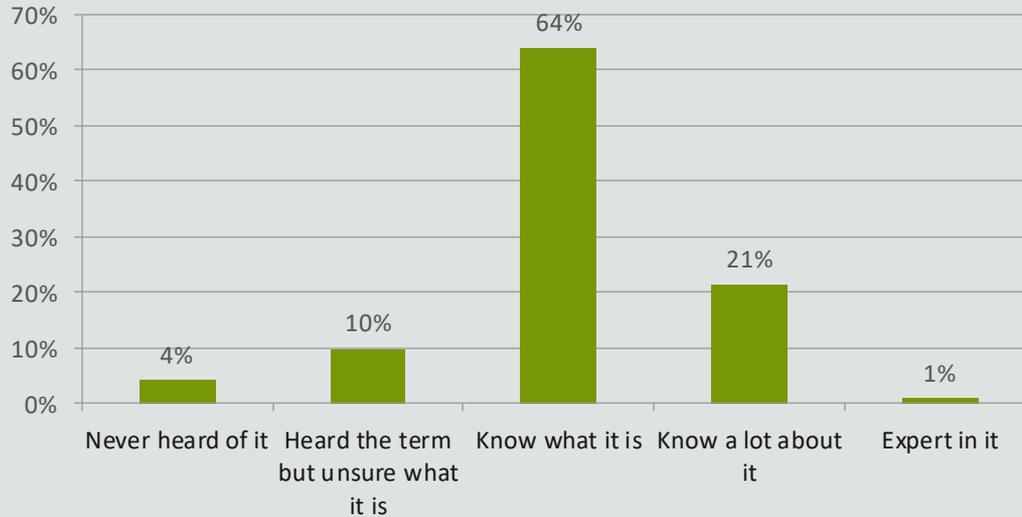


ARTIFICIAL INTELLIGENCE (AI)



KNOWLEDGE TO AI

Question 16: Please rate your personal knowledge of Artificial Intelligence (AI)



122 out of 153 respondents answered this question.

Among the respondents, 4% said they have never heard of AI and 10% said they have heard the term but are not sure what it is.

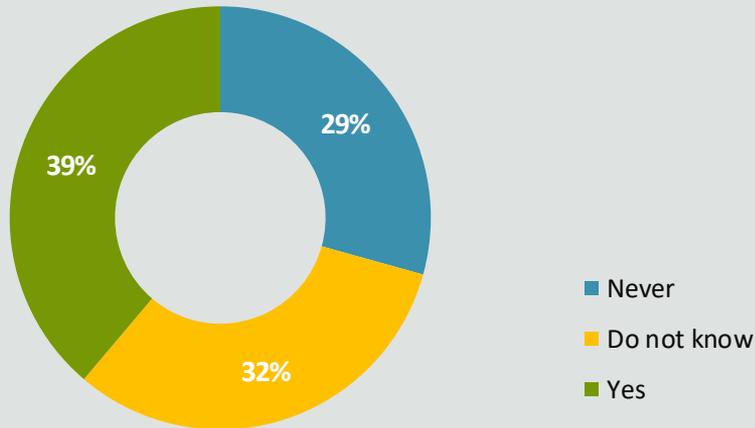
The majority of respondents indicated they know what it is and 21% of them know quite a lot about AI.

1% of the respondents believe they are an expert in AI.

Nearly 13% of the total respondents came from Professional, Scientific and Technical Services, which we anticipate has raised the average level of knowledge in AI.

ORGANISATIONAL LEVEL OF USING AI

Question 17: Has your organisation been using or is planning to use any AI applications in the near term?



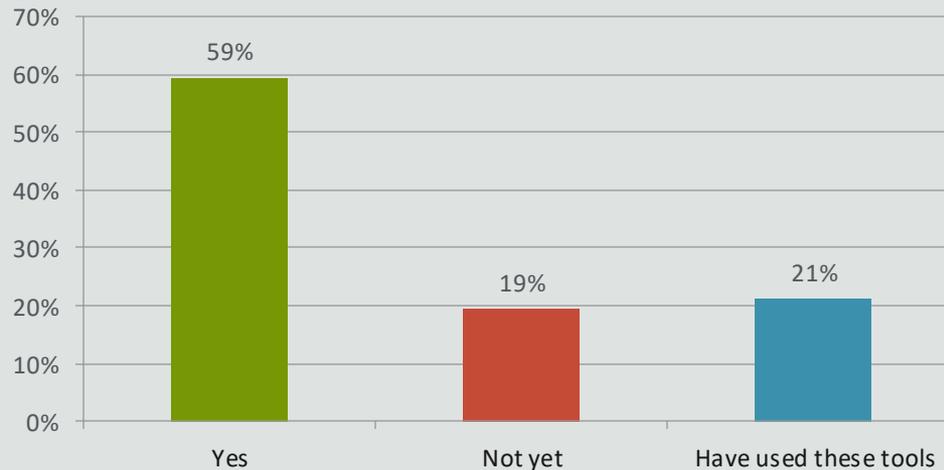
122 out of 153 respondents answered this question.

39% of respondents indicate that their business or organisation have been using or are planning to use AI in the near term.

GENERATIVE AI TOOLS

Question 18:

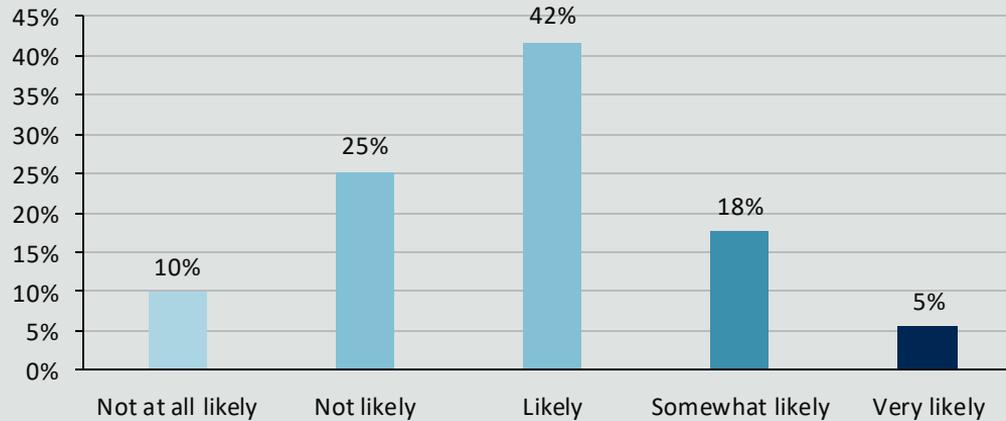
Have you heard of Generative AI tools e.g. Chat GPT
(which produces new content, chat responses, designs, synthetic data)?



TRUST IN AI

Question 19:

How likely are you to trust the information or decisions provide by Generative AI tools? (Scale with 1 being "not at all likely" and 5 being "very likely".)



Average Rating

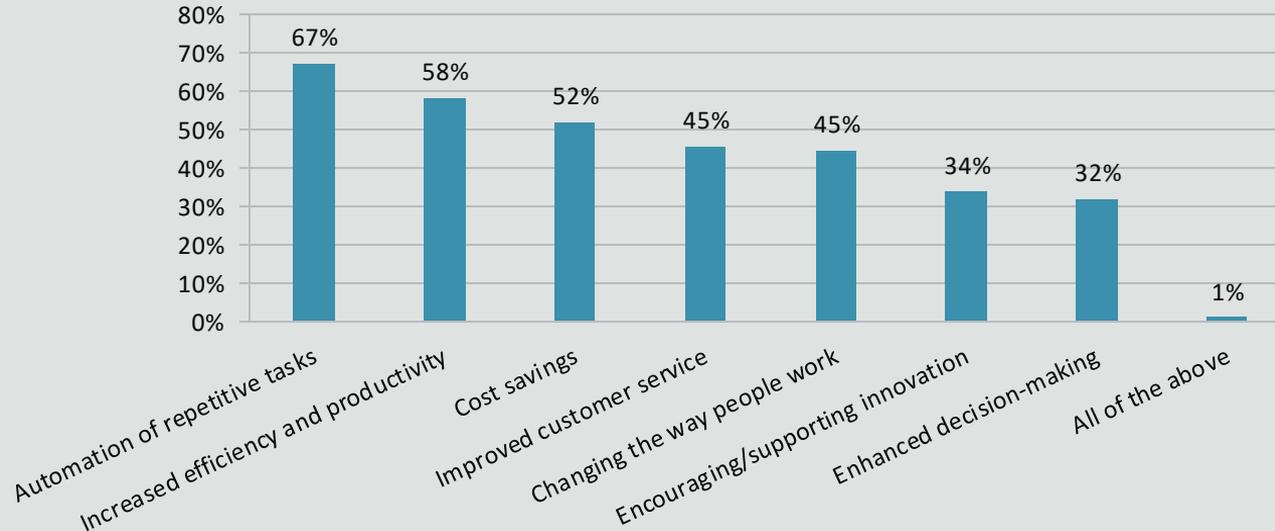


2.8

BENEFITS FROM AI FROM INDUSTRIES

Question 20:

What are or could be some ways that you think your businesses and/or industries in our region could potentially benefit from the use of AI tools (including generative AI tools)?



Among the potential benefits from AI tools, businesses in Taranaki express their focus on these three priorities, which are automation of repetitive tasks, increase efficiency and productivity, and saving cost.

COMMENTS ABOUT REGULATION AI TOOLS

"They have no privacy or integrity. They collect your information "to get better algorithms". No matter the privacy tools on the internet unless you are paying money to some VPNs your data is frequently traded more than we think. The average person does not realise how much data is actually on the internet about them and how much corporations know about them."

"I think regulation is extremely important, particularly at the source, i.e., of companies producing AI tools - it is a risk to smaller, local enterprises in that large competitors else where will have a greater ability to capitalise on it ... so it is extremely important. At a regional level, it would be smart to lead education and training on the current tools and where we are heading, including what this tech can be used for and what its shortcomings are."

"AI should be heavily regulated as it has the ability to create fake information etc as recently reported in various media outlets. It may not be the great breakthrough we all seek and desire. AI contains a dark side which needs to be regulated in order that the advantages that it offers can be fully utilized.."

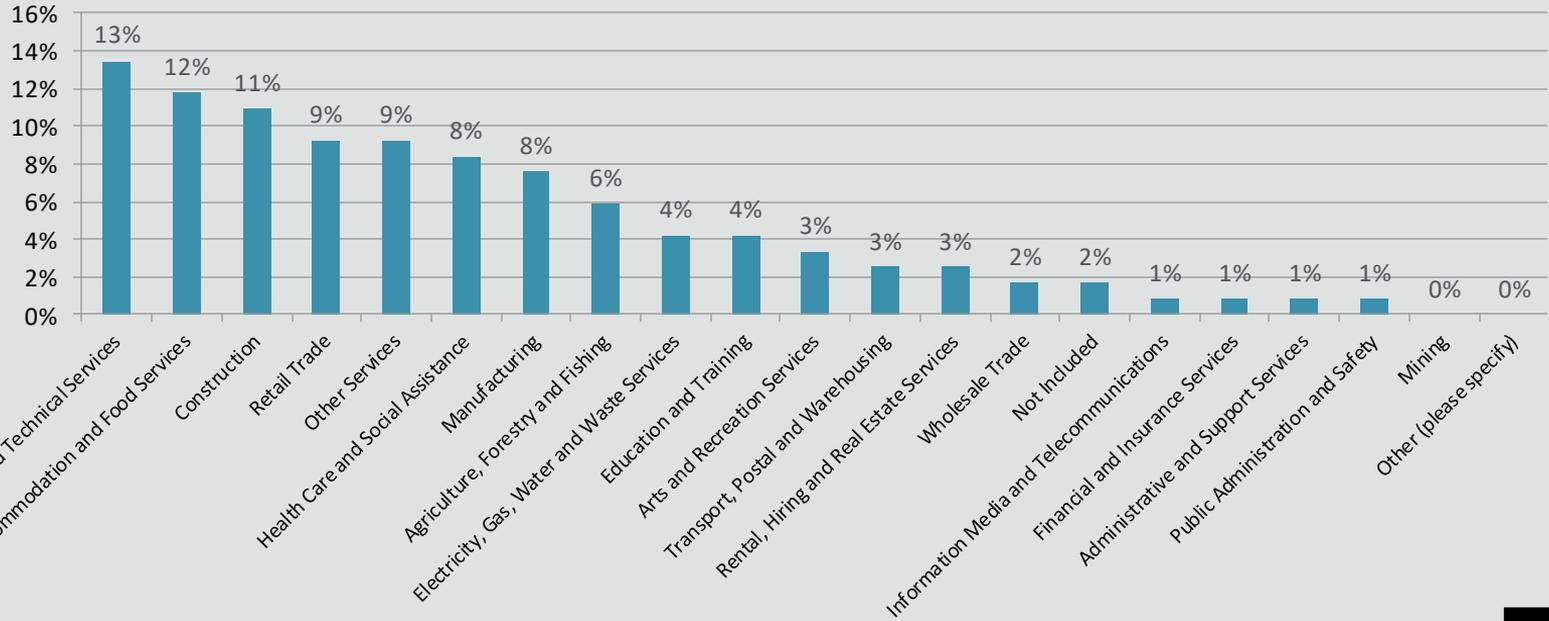
"Concern around data integrity, aware that the technology is capable of writing code including ransomware. Concerned about uncontrolled development."

"Concerns for data collection are present. Concerns for inaccuracy are present. Adaptation of AI models need to be controlled to prevent sentient machine beings causing disruption."

RESPONDENT PROFILE: INDUSTRY SECTORS

Question 22:

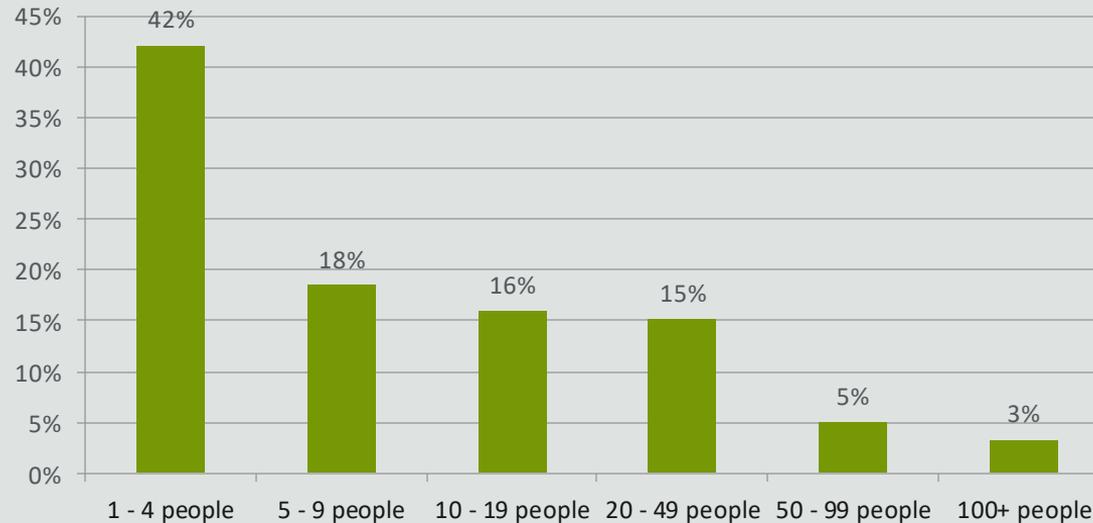
Please indicate which of the following sectors is closest to the main activity of your business:



RESPONDENT PROFILE: BUSINESS SIZE

Question 23:

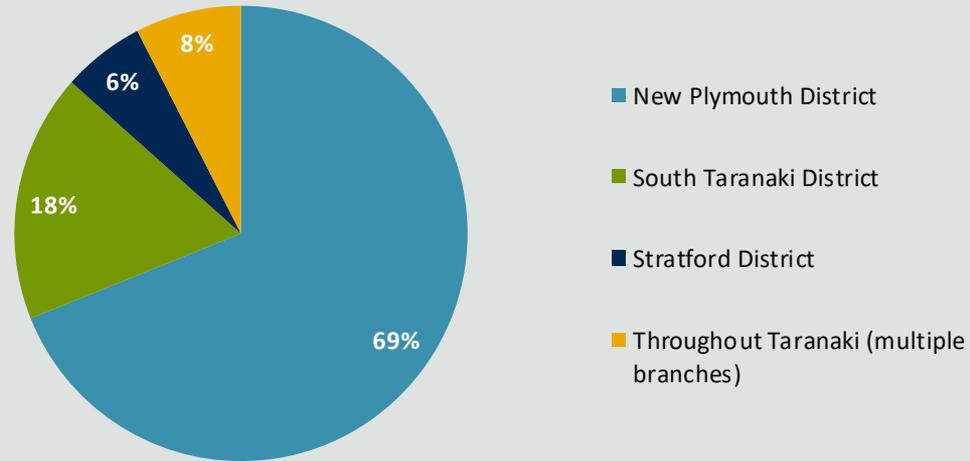
How many people work in your business
(including yourself):



RESPONDENT PROFILE: DISTRICT BREAKDOWN

Question 24:

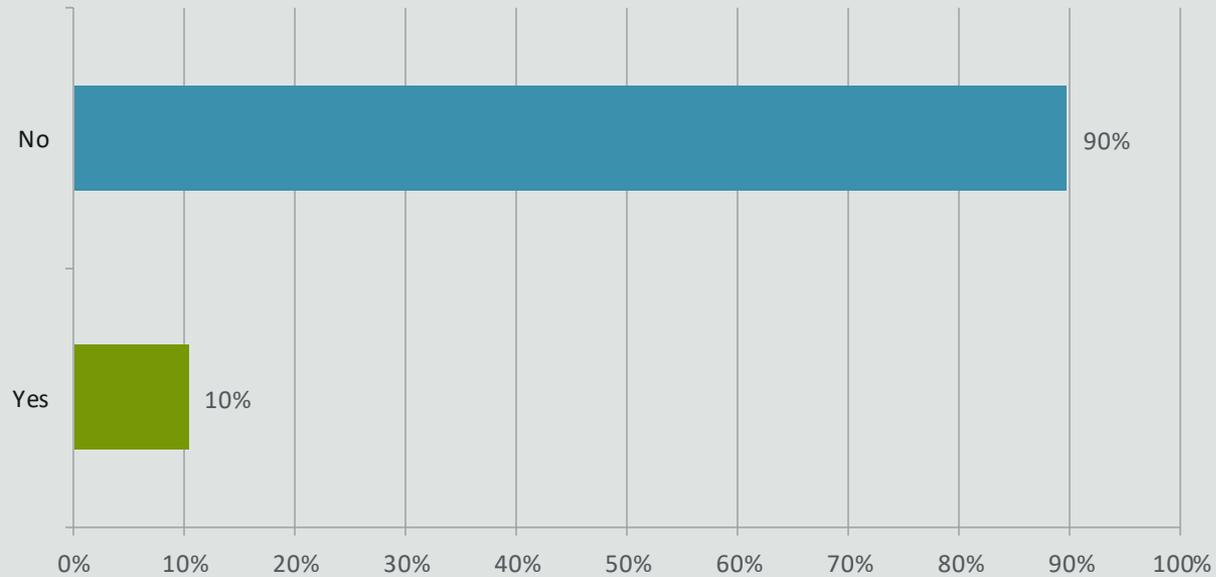
Respondent location:



RESPONDENT PROFILE: MĀORI BUSINESS

Question 25:

Is your enterprise owned or part-owned by Māori?



Thank you | for more info visit - [taranaki.info](https://www.taranaki.info)



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