NZ CHAMBERS OF COMMERCE
HUTT VALLEY
The Technology Valley Chamber of Commerce

15th July 2020

HUTT VALLEY CHAMBER OF COMMERCE BUSINESS CONFIDENCE AND COVID 19 SURVEY REPORT – JUNE/ JULY 2020

The Hutt Valley Chamber of Commerce, as part of the Hutt Valley Covid 19 Business Response Team, undertook its quarterly business confidence survey in early July 2020. The objective was to understand the situation with businesses as they turn their focus to resetting and recovering from the widespread and systemic impacts of the Covid 19. At the time of the survey, the country was in Level 1 Lockdown and was generally operating with complete freedom of movement and operation across the country. The international borders were closed and anyone entering the country was required to undertake a 14 day quarantine. The country has no community transmission of Covid 19; all current cases are with those in isolation, having entered the country. Globally the WHO is still expecting the virus to peak globally with infection and death rates rising rapidly.

The world, New Zealand, and the local business community remain in completely uncharted territory.

OVERVIEW

The survey was issued on 30th of June and closed 9th July 2020.
There were 103 respondents; 53% from Lower Hutt, 35% from Wellington and 27% from Upper Hutt. The remainder were mostly the wider Wellington region.

Respondents represent a wide range of industries of all types and size of business. Most had been running for more than 6 years and the respondents were business owners, CEO's or managers.

SURVEY RESULTS AND KEY FINDINGS

Business confidence for NZ as a country:

Businesses have a pessimistic view of business in NZ over the next 3 – 12 months. They see the light at the end of the tunnel starting in the 12 month timeframe.

- 54% of business expect the business situation in NZ to be moderately worse or substantially worse in 3 months, with 40% expecting it to stay the same. Note that answers to subsequent questions paint a very negative picture of what the current environment is for these businesses.

- 58% of business expect this to be case in 6 months; 27% expect it to stay the same.
- This improves to 46% of businesses expecting a moderately worse or substantially worse business situation in the next 12 months. Businesses see the pendulum swinging more towards the positive, with almost an equal number expecting a moderately or significantly better business situation in 12 months.
- Only 10% of business see the situation in NZ improving in the next 3 months, and 22% see it improving in the next 6 months. The 12 month window appears more favourable, with 42% expecting the situation in NZ to be moderately or substantially better.

Business Confidence for the Wellington Region

Businesses are slightly more positive about the situation for businesses in the Wellington region.

- 46% and 47% of business see the situation in Wellington worsening in the next 3 and 6 month periods respectively, with the recovery starting within the 12 month period.
- 14% see the situation in Wellington being moderately or significantly better in the next 3 months, and 26% see Wellington improving in the next 6 months. Once again, confidence in the 12 month period for the Wellington economy looks stronger with 40% expecting improvements.

Business Confidence in their own business

Once again local businesses have increased confidence in their own business.

- 31% and 28% respectively see their own situation being worse or moderately worse in the next 3 and 6 month periods with 19% and 32% respectively expecting it to be better than now.
- Looking 12 months out local businesses 21% see their own business worse, but 40% expect improvements.

Overall, while they have less confidence about the NZ situation, businesses are resilient and many more have confidence in their own ability to work through the challenges and recover.

Clearly the economic impacts of Covid 19 is now the single biggest barrier to improving business confidence with 89% siting this single reason. 47% also site general uncertainty around Government policy as a major barrier.

Concerns about labour shortages and finding the right staff have moved significantly down from earlier surveys, with only 23.3% siting it as a major barrier.

In the past 3 months

- 58.42% of businesses are experiencing decreased profitability
- 52% are experiencing decreased hours worked

- 65% of businesses have retained the same number of full time employees with 8% increasing the number of full time employees.

In the next 3 months

- 17% of businesses expect to reduce the number of full time employees, but 66% will remain the same
- 48% expect the same number of working hours, but 28% see this increasing
- 40% are expecting increasing costs
- 48% are expecting decreasing profitability
- 45% expect decreasing revenue.

The figures are similar in the six month window.

In the next 12 months; businesses see an improving situation.

- 15% expect a decrease in fulltime employees.
- 56% expect the same working hours with 25% expecting an increase.
- 44% expect costs to keep rising but in this time frame 37% are expecting to lift prices. The profitability outlook is expected to improve with 39% expecting the same and 26% expecting better profits. 32% expect profitability to decrease.
- Income expectations smooth out in the 12 month window with 36% expecting the same, 31% an increase and 31% a decrease.

Hiring of staff:

- 24% are finding it more difficult to hire skilled and specialist staff.

Levels of concern with Covid Impact on their business

- 31% are mildly concerned, 20% quite concerned and 35% very concerned.
- Overall 85% of businesses are concerned about the impact of Covid 19 on their business.

Areas of difficulty/ support required

- The key areas of difficulty for business right now are
  - cashflow (41%)
  - finding new business (38%)
  - tax obligations (24%) and
  - the business owner paying themselves (23%).
- 35% want events the bring the business community together
- 28% require help with developing strategy.
- 24% need help adapting their business operations in a Covid environment.
- 17% require help with accessing support programmes.

Since the start of level 1

- 65% of businesses are experiencing less revenue compared to the same time last year
- 18% are experiencing increased revenue
- 29% applied for the second wages subsidy and 64% did not
- 30% have renegotiated rent term and 65% have not.

Changes in working models

- 35% no change.
- 38% have people working from home.
- 33% have introduced flexible working hours.
- 27% are using new online working methods.
- 49% of business do not think the government has a coordinated plan of action focused on recovery from Covid 19; 33% think it does.

For further information on the survey results please contact

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