



BusinessNZ Business Sentiment Survey 2024

Related financial concerns were among the five top challenges facing businesses in the 2024 BusinessNZ Business Sentiment Survey.

The survey of 134 businesses identified three main financial factors impacting on business confidence as: input prices/lack of profitability, interest rates, and inflation.

Two other main concerns were the level and quality of government spending and labour productivity.

Other concerns included electricity price increases, roading infrastructure, and local government policies.

Most respondents intended to authorise more IT expenditure, but only the same or less capital expenditure over the coming year, compared with the year to date.

In five BusinessNZ surveys since 2013, this was the second time most respondents said they would not invest in more capital expenditure, the first being in 2019.

A majority wanted the corporate tax rate reduced.

The BusinessNZ Business Sentiment Survey of 134 businesses was conducted in August 2024.

Survey responses*

1. In the following year do you expect to authorise more or less capital expenditure?

- More 22%
- Less 33%
- Same 39%
- Unsure 6%

2. In the following year do you expect to authorise more or less IT expenditure?

- More 40%
- Less 24%
- Same 33%
- Unsure 4%

3. *What are your top 5 concerns affecting business confidence, for the general business community? Please select your top 5 concerns:*

- *International trade/exporting environment*
- *Exchange rates/level of the NZ dollar*
- *International transport and logistics costs*
- *Supply chain blockages*
- *Interest rates*
- *Inflation*
- *Input prices/profitability concerns*
- *Level of government debt*
- *Level and quality of government spending*
- *Competitiveness of corporate tax rate*
- *Access to capital*
- *Infrastructure/roading constraints*
- *Resource management constraints*
- *Local government policies*
- *Level of rates*
- *Traffic congestion*
- *Retail crime*
- *Housing affordability*
- *Electricity price increases*
- *Gas price increases/availability*
- *Climate change policies*
- *Labour productivity*
- *Health and safety compliance*
- *Ease and cost of recruiting and releasing staff*
- *Impact of collective bargaining on working conditions*
- *Wage Increases*
- *Skills and labour shortages*
- *Vocational education/polytechs*
- *Secondary education/schools*
- *Immigration settings*
- *None*
- *Other – please specify*

Top 5 concerns:

- | | |
|---|--------------------|
| • <u>Interest rates</u> | 43% of respondents |
| • <u>Input prices/profitability</u> | 36% of respondents |
| • <u>Level and quality of government spending</u> | 35% of respondents |
| • <u>Inflation</u> | 33% of respondents |
| • <u>Labour productivity</u> | 33% of respondents |

4. *What are your top 5 concerns affecting business confidence, for your own business? Please select your top 5 concerns:*

- *International trade/exporting environment*
- *Exchange rates/level of the NZ dollar*
- *International transport and logistics costs*
- *Supply chain blockages*
- *Interest rates*
- *Inflation*
- *Input prices/profitability concerns*
- *Level of government debt*

- *Level and quality of government spending*
- *Competitiveness of corporate tax rate*
- *Access to capital*
- *Infrastructure/roading constraints*
- *Resource management constraints*
- *Local government policies*
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- *Impact of collective bargaining on working conditions*
- *Wage Increases*
- *Skills and labour shortages*
- *Vocational education/polytechs*
- *Secondary education/schools*
- *Immigration settings*
- *None*
- *Other – please specify*

Top 5 concerns:

- | | |
|---|--------------------|
| • <u>Input prices/profitability</u> | 41% of respondents |
| • <u>Interest rates</u> | 37% of respondents |
| • <u>Level and quality of government spending</u> | 31% of respondents |
| • <u>Inflation</u> | 28% of respondents |
| • <u>Labour productivity</u> | 27% of respondents |

5. *In 2024 NZ's corporate tax rate (28%) is the 8th highest headline corporate rate of all 38 OECD countries. Some of those countries intend to reduce them further in the future. Are you concerned that NZ's headline corporate tax rate is too high/not competitive enough to attract foreign investment?*

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|----------|-----|
| • Yes | 64% |
| • No | 25% |
| • Unsure | 10% |

6. *Should the Government consider a reduction of the headline corporate tax rate to 25% by 2027, to match Australia?*

- | | |
|----------|-----|
| • Yes | 74% |
| • No | 16% |
| • Unsure | 10% |

7. *The Resource Management Act continues as the main law governing resource development while a replacement law is being developed. How well do you think the RMA works to enable development? Please rank on a scale of 1-5 where 1 = not well and 5 = very well, or tick 'not applicable'*

- 1=31%
- 2=31%
- 3=23%
- 4=3%
- 5=1%
- N/A=10%

8. *How well does your local council perform in enabling growth and development? Please rank on a scale of 1-5 where 1 = not well and 5 = very well, or tick 'no opinion'*

- 1=40%
- 2=27%
- 3=18%
- 4=7%
- 5=2%
- N/O=6%

9. *How good is the roading infrastructure in your area, for your business transport needs? Please rank on a scale of 1-5 where 1 = inadequate and 5 = very good, or tick 'not applicable'*

- 1=24%
- 2=25%
- 3=30%
- 4=10%
- 5=4%
- N/A=6%

10. *How affordable are your business energy costs (electricity, gas, petrol, other) currently? Please rank on a scale of 1-5 where 1 = very unaffordable and 5 = easily affordable, or tick 'not applicable'*

- 1=11%
- 2=38%
- 3=31%
- 4=9%
- 5=6%
- N/A=5%

11. *In the last year how easy has it been to recruit a suitably skilled and qualified staff member? Please rank on a scale of 1-5 where 1 = very hard and 5 = very easy, or tick 'not applicable'*

- 1=13%
- 2=29%
- 3=26%
- 4=21%
- 5=4%
- N/A=7%

*Percentages may not add up to 100 due to rounding