

Uncovering Regional Business Insights

Our Economy at a Glance

Unless otherwise stated, all figures throughout this document are from the Nelson-Tasman Regional Economic Briefing¹, the Nelson-Tasman Productivity Gap² and Infometrics³.

Size of economy =

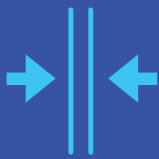
\$6,159^m

GDP per filled job =

\$105,070

Productivity gap =

\$1.63^{bn}



Closing the productivity gap =

123 years

at current trajectories

Population =

113,200



Mean earnings =

\$60,048



Proportion of small businesses (<20 employees) =

96.3%



Inward migration = positive net 300 people (plus 90 natural increase)



Intellectual Capital (Knowledge Intensive Employment) = 15,538 jobs = 26.5% of total jobs

Strong opportunity for growth:

Sectors with high regional competitive advantage



Blue Economy



Forestry



Horticulture



Science & Tech



Tourism

¹Nelson-Tasman Regional Economic Briefing February 2023 update, People and Places, February 2023

²Nelson-Tasman Productivity Gap 2022 Supplementary Update, People and Places, February 2023

³Nelson Tasman Regional Economic Profile, Infometrics, January 2023

Introduction

Kia ora and welcome to the Nelson Tasman Insights Business Survey 2023 report. The Survey is a partnership between the Nelson Regional Development Agency (NRDA), Nelson Tasman Chamber of Commerce and Nelson Building Society (NBS).

The survey collected information from over 400 local businesses on current and emerging issues. Businesses big and small completed the survey from a range of industries. It supplements information gathered at a national level to gain a deeper understanding of the local business community. This report presents the findings of the 2023 Survey, together with data from other sources, to provide a snapshot of the business environment in Nelson Tasman.

It is hoped this report will be used by business leaders, decision makers, and organisations to better understand and share the challenges, perceptions, and opinions of our local business community.

We would like to thank every business that participated in the survey. The information they provided is valuable and appreciated. It is only by sharing information that we can tailor our resources to support our community.



Ali Boswijk
Nelson Tasman
Chamber of Commerce
Chief Executive



Fiona Wilson
NRDA - Chief Executive

For specific enquired relating to the Insights Survey, please contact NRDA at info@nelsontasman.nz

About Partners

Nelson Tasman Chamber of Commerce

The Nelson Tasman Chamber of Commerce (NTCC) is a not-for-profit membership organisation that has been supporting businesses and commercial activity in the region since 1858. As it operates independently of local and central government, this allows the organisation to advocate freely on behalf of the region's businesses. In addition, NTCC provides a complete toolkit of networking, business development, seminars and training workshops. The organisation believes in strong business, strong community, strong region.

Nelson Regional Development Agency

The Nelson Regional Development Agency's mission is to unlock the economic potential of Nelson Tasman to enable our people and places to thrive.

We do this by leading inclusive and regenerative economic development, supporting our businesses and people to grow and shaping and amplifying our profile to attract people, business, and investment to the region.

Our Insights is regularly updated and provides a quick, easy-to-interpret snapshot of Nelson Tasman's economic performance, as well as simple yet powerful tools that help industry and business understand relevant data to assist with planning, policy, and strategic decisions..

NBS

For over 160 years, NBS has been providing personal and business banking services to local people throughout the South Island of New Zealand. With over 20,000 clients, they offer a wide range of full banking services including transactional and savings accounts, term investments, home and business loans. Their people take pride in knowing their clients by name and use local knowledge to make timely decisions.

With 8 branches located in the high streets of Nelson, Richmond, Motueka, Tākaka, Murchison, Westport, Greymouth and Ashburton, NBS is committed to serving the communities in which they operate. As a mutual building society, NBS is locally owned by its clients. This model allows the organisation to provide meaningful, financial support to the community through sponsorships and grants to hundreds of sporting, arts, health, educational, and environmental organisations. Over the last 2 years, NBS has invested \$2.2 million back into the community.

To learn more about banking for life with NBS, visit their website at nbs.co.nz, call 0800 101 700, or email them at info@nbs.co.nz. NBS is not a registered bank.

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A note on Nelson Tasman

As a region, Nelson Tasman includes two unitary areas, whose economies are inherently connected and share many of the same aspirations. Areas like infrastructure provision, economic development, tourism and business confidence spans across both areas.

However, it is worth noting that there are some differences between the urban and rural communities.

NELSON OVERVIEW

Nelson is home to approximately 54,500 people, with a geographical area that includes Nelson City, Tāhunanui and Stoke. A small proportion of residents live in the surrounding rural areas.

Key stats:

GDP – \$3,234m

Business Units – 6,720

Average household income – \$92,433

Filled jobs – 30,886

TASMAN OVERVIEW

Tasman is home to approximately 58,700 people, with a urban and rural geographical area that includes Richmond, Motueka, Waimea, Golden Bay, Murchison and St Aurand.

Key stats:

GDP – \$2,925

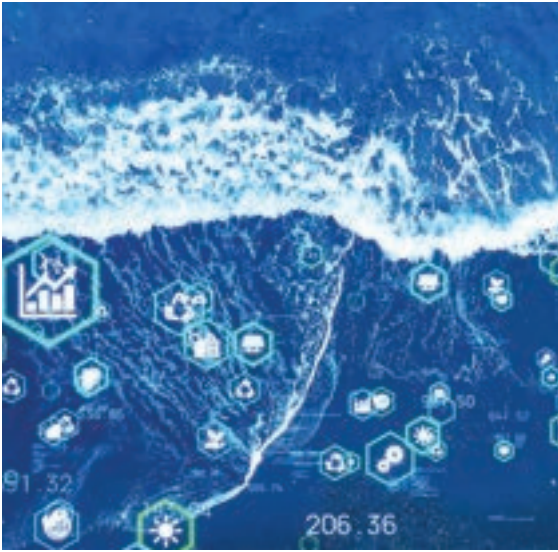
Business Units – 7,473

Average household income – \$101,596

Filled jobs – 27,732



Key Sectors



BLUE ECONOMY

We are the leading region for the blue economy - marine activities that generate economic value and contribute positively to social, cultural and ecological wellbeing

Our competitive advantage is founded on a clustering of activity centred around Australasia's largest fishing port, combined with our rich intellectual capital. This includes boat building, engineering, textiles, scientific research, blue technology, training and education and specialisation in high value add products (e.g. nutraceutical).

Seafood is our largest export earner and we have more than 2,700 jobs in fishing, aquaculture and processing. Te Taihū, comprising Nelson Tasman, along with neighbouring Marlborough, is already the region with the highest share of employment dedicated to food production from the ocean.



HORTICULTURE, FOOD & BEVERAGE

Our favourable growing conditions make us a significant horticultural region with an extended value chain delivering a range of high-value food and beverage products.

Growing and processing horticultural products represented almost 4,000 jobs in 2022, more per capita than any other region. There are opportunities to further invest in research, including improving growing efficiency and designing new high value products and ingredients for nutraceutical and wellness applications.

Local Plant and Food Research assets and capabilities, a Food Lab, and a burgeoning cluster of companies/processors exploring nutrition opportunities all support the strong platform we have to build from.



FORESTRY & WOOD PRODUCT MANUFACTURING

This sector accounts for almost 1800 jobs in Nelson Tasman, or 3.1% of employment, compared to a 0.9% share nationally. We have New Zealand's highest concentration of specialist processing, particularly in laminated and structural wood products, and glues used in these production processes.

We are also home to innovative forestry and wood processing companies, who are well connected to the national forestry sector's collaborative efforts and investments. Our region is well placed to leverage innovative ideas and product opportunities.



SCIENCE, TECHNOLOGY & INTELLECTUAL CAPITAL

We can build from our existing high percentage of self-employed people in professional services who can export their high value 'weightless' services to other parts of New Zealand and around the globe.

We can also build from our existing research and science capabilities and establish Nelson Tasman as a globally recognised knowledge economy centre.

A photograph of two cyclists riding a suspension bridge over a lush green forest. The cyclists are wearing blue helmets and colorful cycling gear. The bridge has a wooden deck and metal railings with a mesh safety fence. The background shows a dense forest of tall trees under a cloudy sky.

THE VISITOR ECONOMY

Nelson Tasman's visitor economy offers significant opportunities to strengthen its linkages to other sectors, to act as our 'shop front' and a conduit for the attraction and retention of talent and investment.

New Zealand's first Zero Carbon Itinerary was launched here in 2021, followed by the Light Footprint Holiday in 2022, and our visitor sector is investing heavily in building our region's 'green credentials', as evidenced by the Marahau Pledge in 2022. We are committed to the five-year Destination Management Plan for recovery and regeneration of the visitor sector.

Insight Survey Results

General Business Details

Number of Businesses

Nelson Tasman has 14,193 businesses, a growth rate of 4.6% for the year ending February 2022, slightly lower than the national average. According to economist Benje Patterson, the number of businesses in an area is an indicator of the health of the economy. Nelson Tasman business numbers have risen strongly. *“New businesses are started by people who see a gap and go after it.”*⁴

With 406 businesses participating in the Insights Survey, this means 2.8% of Nelson Tasman businesses completed the survey. This sample size allows us to draw meaningful results, with a 5% margin of error at a 95% confidence level.

Business Size

Nelson Tasman has a high proportion of small to medium businesses: 17.7% of workers are self-employed and 96.3% of businesses employ less than 20 workers.

Of those who completed the survey, 20% were self-employed (similar to total regional number), whereas we had an over-representation of large businesses (above 20 employees) participate at 15% of respondents.

Business size matters in the sense that change processes are more challenging in a small business environment with challenges in resourcing, ability to spread costs, and breadth and depth of experience. Smaller businesses need more support to embrace transformation and change. This presents a practical challenge for implementation and adoption of innovation.

*“As well as being a contributor to the economic performance of a region, the size of business units is also considered to be an indicator of innovation with larger firms having the capacity and structures to support research and development.”*⁵

Length of Operation

The businesses who participated in the survey were overwhelmingly well-established businesses, with over 60% having been in operation for 10 years or more, 16% between 6-10 years, 13% for 2-5 years and only 7% less than two years.

Annual Turnover

21% of respondents had an annual turnover of less than \$100,000, 13% between \$100,000 - \$250,000, 15% between \$250,000 - \$500,000, 12% between \$500,000 - \$1million, 23% between \$1 million - \$5 million and 16% above \$5 million.

Business Category

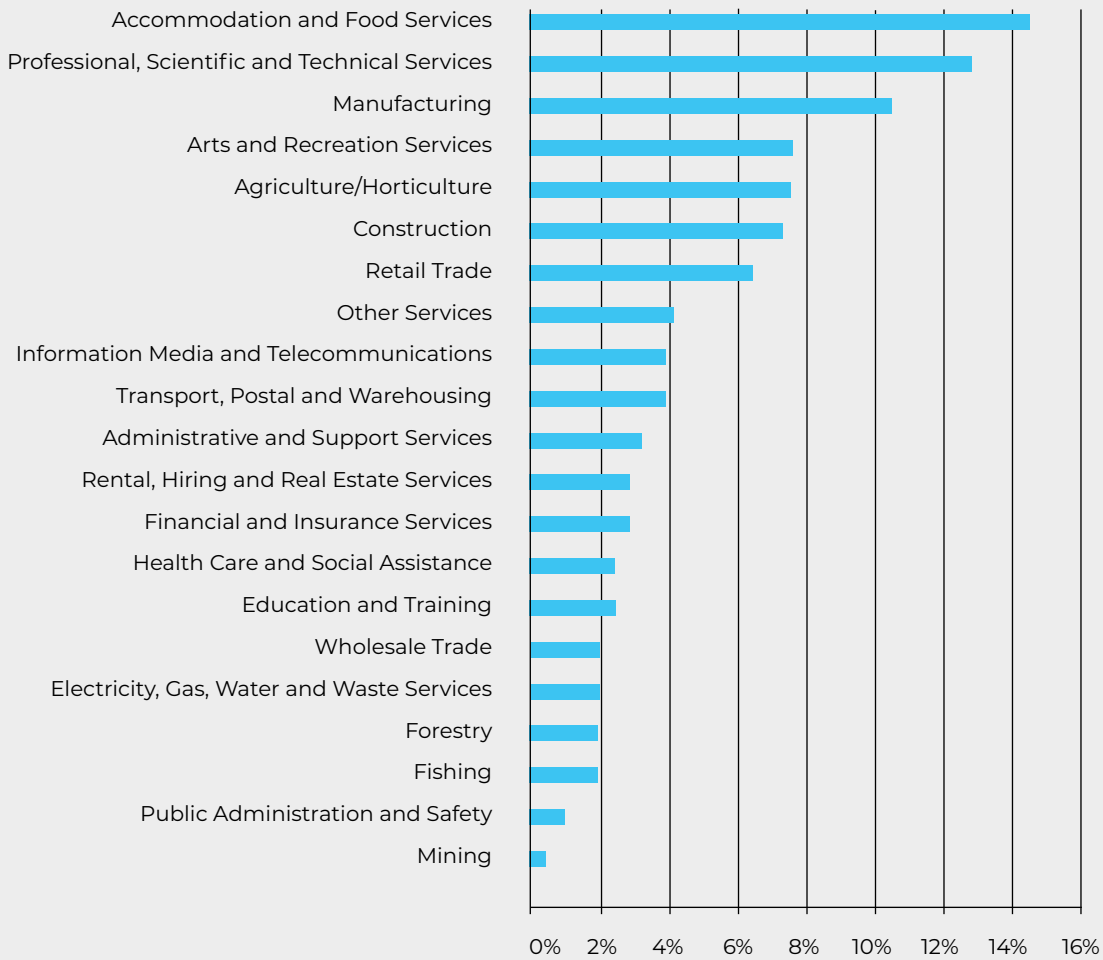
There were survey respondents from every industry except Mining, which has no presence in Nelson Tasman. The largest cohorts were from Accommodation & Food Services, Professional Scientific & Technical Services, and Manufacturing. The smallest cohorts were from Forestry, Fishing and Public Administration.

Accommodation & Food Services and Arts & Recreation Services were over-represented; and Rental Hiring & Real Estate, Health Care & Social Assistance and Construction were under-represented.

⁴Benje Patterson, People and Places, Nelson Tasman Regional Economic Briefing 2022 update

⁵Infometrics Nelson Tasman Regional Economic Profile 2022

What category BEST describes your business?



Māori Business

According to Benje Patterson, there are opportunities to further embrace te ao Māori in the economy. Diversity can help foster innovation and Māori business models of business can offer lessons, including a strong intergenerational focus. There are also opportunities globally for exports whose provenance is underpinned by authentic indigenous stories.

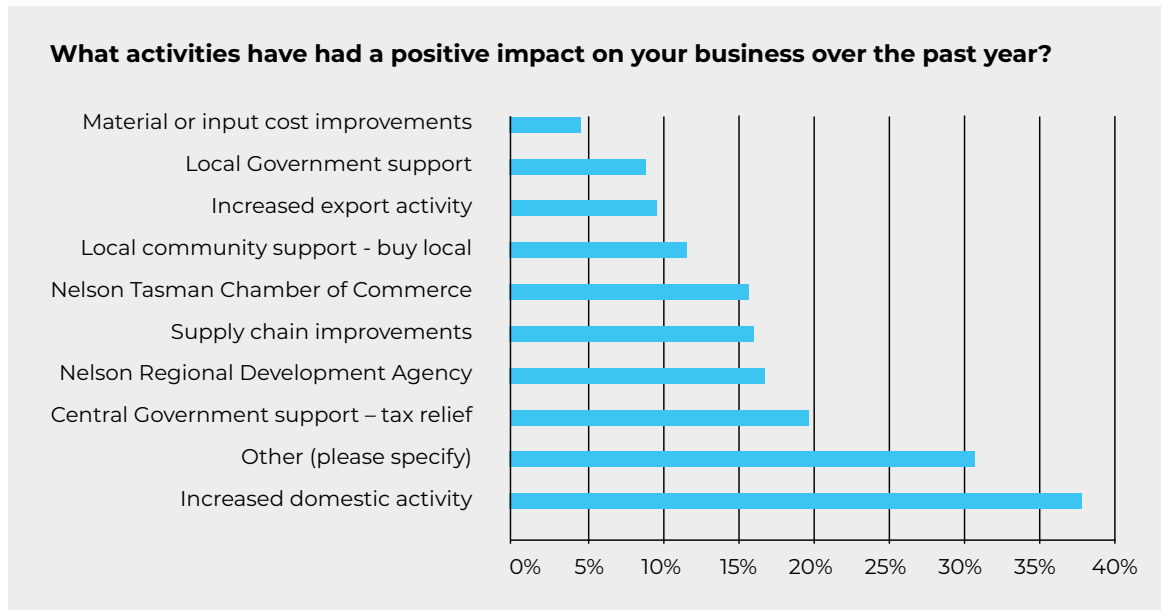
A report for Te Puni Kōkiri found that there were at least 288 Māori-owned businesses across Te Taihū in 2020, with 147 in Nelson Tasman⁶ or about 1% of total businesses. In total, 5% of survey respondents identified as a Māori business.

⁶Te Matatpareroa 2020

Looking back over the last 12 months

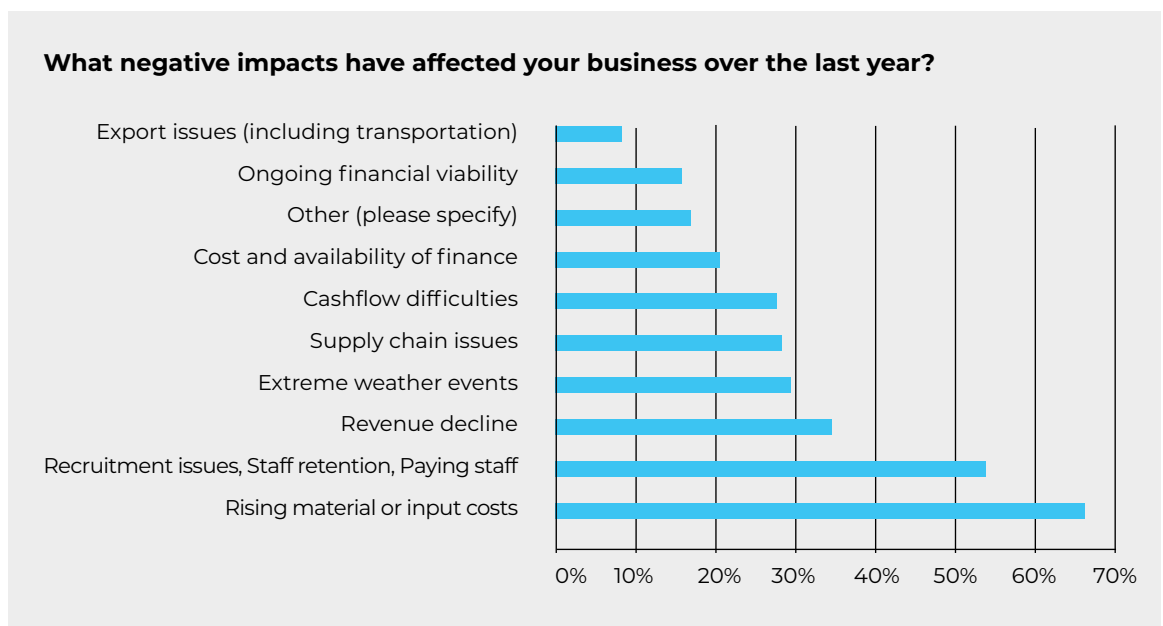
Positive Impacts

Over the last 12 months, increased domestic activity has had the most positive impact on businesses. Comments from businesses also highlight the importance of increased international travel. Multiple businesses felt nothing had provided a positive impact over the last 12 months or that hard work and effort is what it took to get ahead.



Negative Impacts

Overwhelmingly, rising material or input costs had the most negative impact on Nelson Tasman businesses over the last 12 months. This reflects sentiment at a national level, with the Ipsos Issues Monitor showing inflation/cost of living remains the most important issue for New Zealanders⁷. Commentary included central and local government policy and regulation as other significant factors.



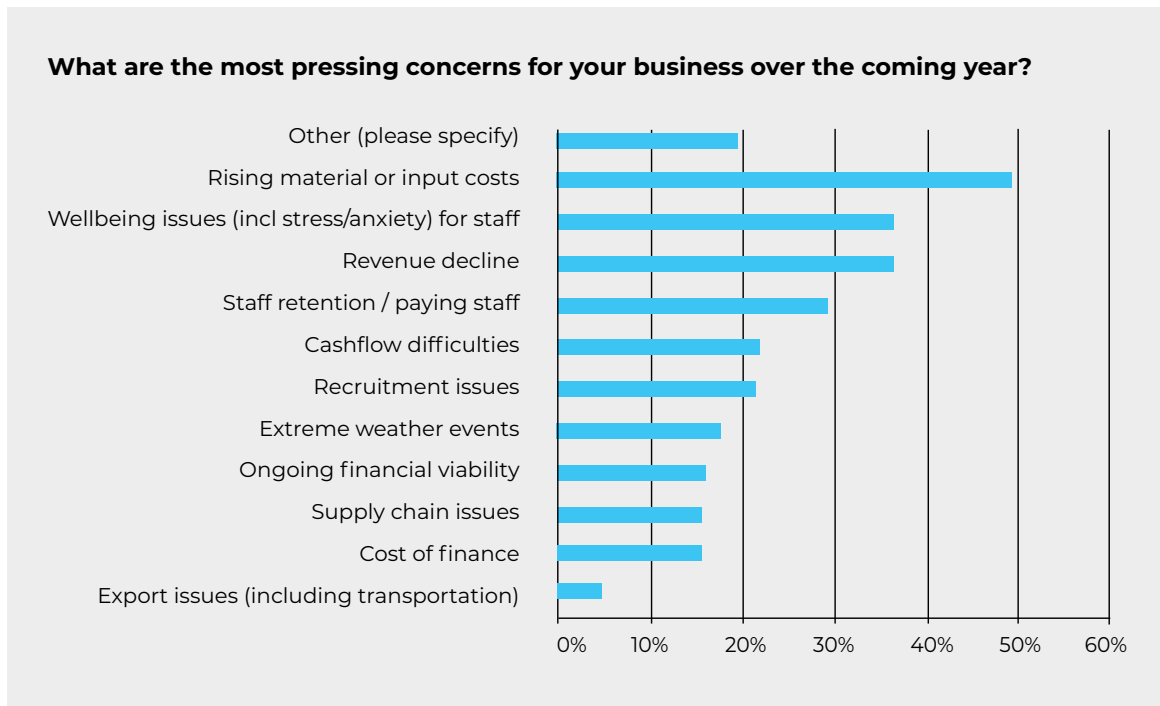
⁷20th Ipsos NZ Issues Monitor June 2023



What is ahead of us – pressing concerns

Pressing concerns

Like the past 12 months, rising material or input costs is the most pressing concern going forward. Again, this reflects national sentiment. This is followed by revenue decline and wellbeing issues. Commentary included the slowdown in construction, cost of compliance and flow on effects from inflation being pressing concerns.



Additional local support measures

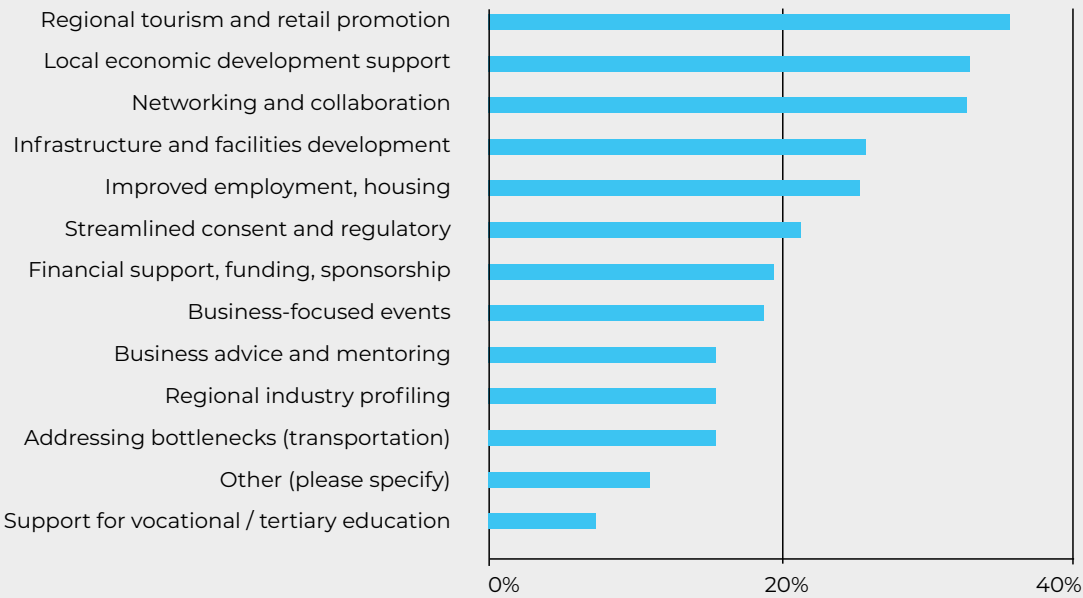
Respondents were reasonably evenly split on what additional local support measures they would like to see in the next year. This reflects that there isn't a 'silver bullet' for economic development and that multiple agencies need to provide a range of services.

In order for Nelson Tasman to lift productivity and realise our potential, businesses need access to high quality infrastructure and services. The strong demand for local economic development and infrastructure

and facility development, further reinforces this need. The biggest response was for regional tourism and retail promotion, although we note that this sector was over-represented among respondents.

Networking and collaboration was also very important to local businesses and reflects the collaborative nature of the region. Commentary included many references to easing Government regulation, bureaucracy and policy.

What additional local support measures are likely to have the biggest impact on your business in the coming year?



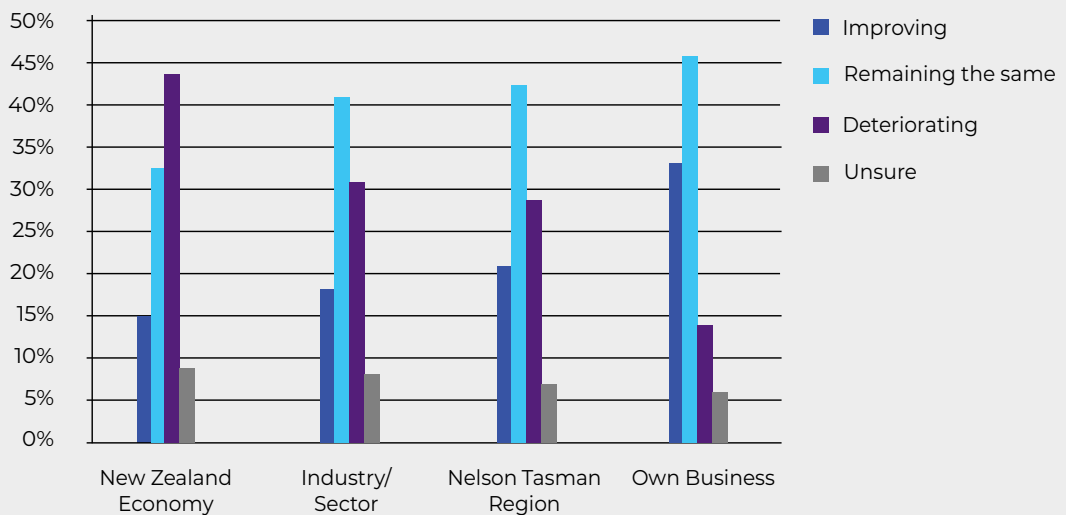
Business Confidence

Business confidence is an indicator of expectations, acting as a measure for anticipated economic activity. To quote NZIER, business confidence opinion surveys “act as valuable leading indicators about the future state of the New Zealand economy.”⁸

Overall, Nelson Tasman businesses are more confident about the region than about

New Zealand as a whole. 21% of respondents expect the regional economy to improve in the next 12 months compared to only 15% for the nation. Respondents are even more confident about their own business prospects with 33% expecting improvements and only 14% expecting a deterioration.

What is your impression/ level of confidence regarding economic conditions in the following areas over the next 12 months?



⁸NZIER News – July 2022

Raising the bar – our productivity challenge

With regional productivity 21% below the national average, Nelson Tasman is a 'lagging' region in terms of economic performance. We have consistently sat as the second-lowest region in terms of productivity in New Zealand for at least the past 20 years.

Closing our productivity gap with the national average could bring Nelson Tasman an extra \$1.63 billion of GDP. On its current growth rate, it will take Nelson Tasman 123 years for our productivity to reach the current national average. This is a paramount opportunity for our region, but transformational change will take a long time without accelerating strategic interventions.

Our most important challenge is to accelerate a step-change to this trajectory. Unlocking productivity gains will impact other key economic challenges affecting our region.

We have identified that our greatest potential opportunity for regional productivity gains will come through focusing on our key sectors, strengthening firm level behaviour (including small businesses) and the surrounding industry ecosystems, and building investment in science, technology and innovation.

Closing the productivity gap could bring

\$1.63^{bn}

of GDP to the region



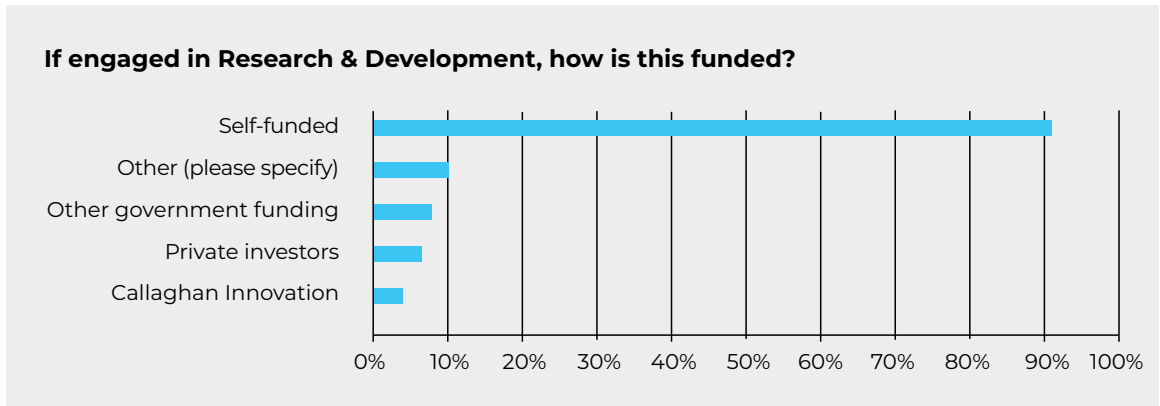
Closing the productivity gap =

123 years

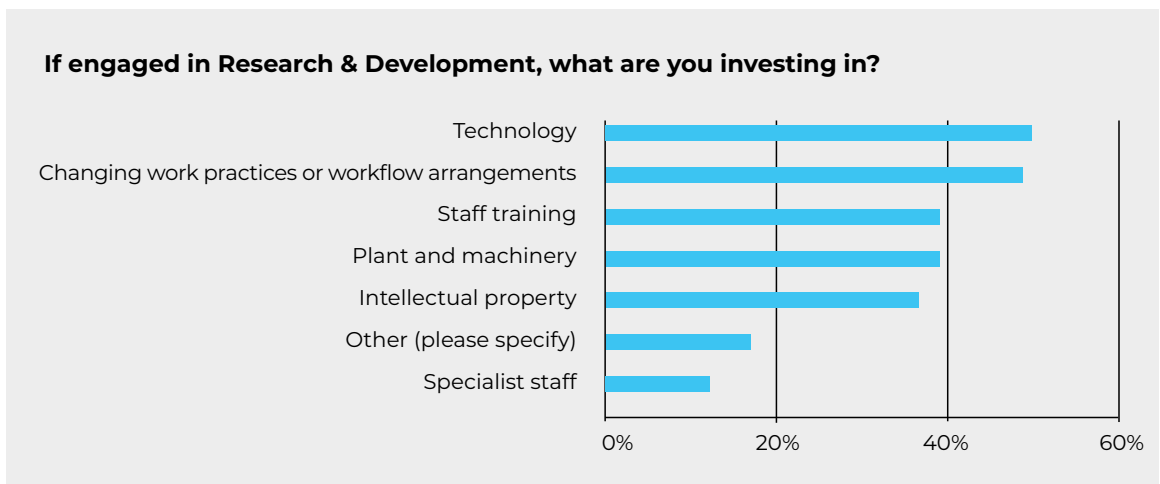
at current trajectories

Research & Development and Productivity

43% of respondents are engaged in research and development and/or innovation activities, and 51% are working on other types of productivity improvements. The vast majority of R&D occurring in Nelson Tasman is self-funded at over 90%.



The types of activities being undertaken: most investments are going into changing work practices, technology and IP, for which it may be more challenging to secure Government funding.



Climate Change

Climate Change will have direct and indirect effects for Nelson Tasman, including changing consumer preferences towards industries such as agriculture and tourism. Climate Change is also a concern for our highly seasonal industry base.

24% of respondents are measuring their carbon footprint, and a further 19% intend to do so.



Appendix One:

Technical Notes and Survey Questions

Q1. Business Name _____

Q2. Email address _____

Q3. Your name _____

Q4. How many people does your business employ (within Nelson Tasman)?

- | | |
|---|---------------------------------------|
| <input type="checkbox"/> 0 (owner operator/sole trader) | <input type="checkbox"/> 20-50 |
| <input type="checkbox"/> 1-5 | <input type="checkbox"/> 50-99 |
| <input type="checkbox"/> 6-10 | <input type="checkbox"/> 100 or above |
| <input type="checkbox"/> 11-20 | |

Q5. How long has your business been in operation?

- | | |
|--|---|
| <input type="checkbox"/> Less than 2 years | <input type="checkbox"/> 6-10 years |
| <input type="checkbox"/> 2-5 years | <input type="checkbox"/> 10 years or more |

Q6. What was your approximate annual turnover in your most recently completed financial year?

- | | |
|--|--|
| <input type="checkbox"/> Less than \$100,000 | <input type="checkbox"/> \$500,000 - \$1 million |
| <input type="checkbox"/> \$100,000 - \$250,000 | <input type="checkbox"/> \$1 million - \$5 million |
| <input type="checkbox"/> \$250,000 - \$500,000 | <input type="checkbox"/> \$5 million or above |

Q7. What category BEST describes your business?

- | | |
|---|--|
| <input type="checkbox"/> Agriculture/Horticulture | <input type="checkbox"/> Financial and Insurance Services |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Rental, Hiring and Real Estate Services |
| <input type="checkbox"/> Fishing | <input type="checkbox"/> Professional, Scientific and Technical Services |
| <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Administrative and Support Services |
| <input type="checkbox"/> Electricity, Gas, Water and Waste Services | <input type="checkbox"/> Public Administration and Safety |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Education and Training |
| <input type="checkbox"/> Wholesale Trade | <input type="checkbox"/> Health Care and Social Assistance |
| <input type="checkbox"/> Retail Trade | <input type="checkbox"/> Arts and Recreation Services |
| <input type="checkbox"/> Accommodation and Food Services | <input type="checkbox"/> Mining |
| <input type="checkbox"/> Transport, Postal and Warehousing | <input type="checkbox"/> Other (please specify) _____ |
| <input type="checkbox"/> Information Media and Telecommunications | _____ |

Q8. Does your business identify as a Māori business? Yes No

Q9. Please provide a brief description of your business principal activities, products or services

Q10. What activities have had a positive impact on your business over the past year?

- | | |
|---|--|
| <input type="checkbox"/> Central Government support – tax relief /incentives, training support etc. | <input type="checkbox"/> Increased domestic activity |
| <input type="checkbox"/> Local Government support | <input type="checkbox"/> Increased export activity |
| <input type="checkbox"/> Local community support - buy local campaigns, regional promotion | <input type="checkbox"/> Supply chain improvements |
| <input type="checkbox"/> Nelson Tasman Chamber of Commerce | <input type="checkbox"/> Material or input cost improvements |
| <input type="checkbox"/> Nelson Regional Development Agency | <input type="checkbox"/> Other (please specify) _____ |
| | _____ |

Q11. What negative impacts have affected your business over the last year? (Up to 3)

- | | |
|--|--|
| <input type="checkbox"/> Revenue decline | <input type="checkbox"/> Supply chain issues |
| <input type="checkbox"/> Cost and availability of finance | <input type="checkbox"/> Recruitment issues, Staff retention. Paying staff |
| <input type="checkbox"/> Cashflow difficulties | <input type="checkbox"/> Export issues (including transportation) |
| <input type="checkbox"/> Ongoing financial viability | <input type="checkbox"/> Extreme weather events |
| <input type="checkbox"/> Rising material or input costs (including transportation) | <input type="checkbox"/> Other (please specify) _____ |
| | _____ |

Q12. What are the most pressing concerns for your business over the coming year? (Up to 3)

- | | |
|--|--|
| <input type="checkbox"/> Revenue decline | <input type="checkbox"/> Recruitment issues |
| <input type="checkbox"/> Cost of finance | <input type="checkbox"/> Staff retention / paying staff |
| <input type="checkbox"/> Cashflow difficulties | <input type="checkbox"/> Wellbeing issues (including stress / anxiety) for staff, management and / or owners |
| <input type="checkbox"/> Ongoing financial viability | <input type="checkbox"/> Export issues (including transportation) |
| <input type="checkbox"/> Supply chain issues | <input type="checkbox"/> Extreme weather events |
| <input type="checkbox"/> Rising material or input costs (including transportation) | <input type="checkbox"/> Other (please specify) _____ |
| | _____ |

Q13. What additional local support measures are likely to have the biggest impact on your business in the coming year?

- | | |
|---|---|
| <input type="checkbox"/> Regional tourism and retail promotion | <input type="checkbox"/> Financial support, funding, sponsorship opportunities |
| <input type="checkbox"/> Local economic development support (industry development plans, investment attraction programmes etc.) | <input type="checkbox"/> Addressing bottlenecks (transportation, access to finance, regulatory issues etc.) |
| <input type="checkbox"/> Regional industry profiling | <input type="checkbox"/> Networking and collaboration |
| <input type="checkbox"/> Improved employment, housing and social conditions | <input type="checkbox"/> Infrastructure and facilities development |
| <input type="checkbox"/> Streamlined consent and regulatory processes | <input type="checkbox"/> Business-focused events |
| <input type="checkbox"/> Business advice and mentoring | <input type="checkbox"/> Other (please specify) _____ |
| <input type="checkbox"/> Support for vocational / tertiary education and training | _____ |

Q14. What is your impression/ level of confidence regarding economic conditions in the following areas over the next 12 months?

- New Zealand Economy Nelson Tasman Region
 Industry/Sector Own business

Q15. Is your business engaged in Research & Development and/or innovation activities?

- Yes No

Q16. If engaged in Research & Development, how is this funded?

- Self-funded Private investors
 Callaghan Innovation Other (please specify) _____
 Other government funding _____

Q17. If engaged in Research & Development, what are you investing in?

- Intellectual property Specialist staff
 Technology Changing work practices or workflow arrangements
 Plant and machinery Other (please specify) _____
 Staff training _____

Q18. Are you working on productivity improvements (other than your Research & Development / innovation activities)

- Yes No

Q19. If yes, please specify _____

Q20. Do you measure your carbon footprint? Yes No

Q21. Are there any gaps in the current regional business profile or support services that you would like to see established in Nelson Tasman? _____

Q22. Do you utilise the services of, or otherwise engage with the Chamber of Commerce or NRDA?

- Nelson Tasman Chamber of Commerce Nelson Regional Development Agency

If not, why not? _____

Q23. Please feel free to provide us with any further information about the business environment, or suggestions to improve future editions of the survey. _____

Q24. Tick here if you are interested in providing more anecdotal feedback about your business challenges/suggestions.

Appendix Two:

Networks

In order to maximise participation, we partnered with local organisations, asking them to also circulate the survey to their members. We would like to thank them all for supporting the Insights Business Survey and ensuring their members voices were heard through this process.

- Business Assist - Nelson Tasman Business Trust
- Kōkiri Leadership Group
- Ngā Iwi o Te Tau Ihu o Te Waka a Maui
- Nelson City Council – Our Nelson
- Regional Skills Leadership Group
- Retail Business and Promotional Groups
 - Uniquely Nelson
 - Richmond Unlimited
 - Mapua and Districts Business Association
 - Our Town Motueka/Love Motueka
 - Golden Bay Promotion Association
 - Rural Support Trust
- Tasman District Council - Newslite
- Te Taihū Māori Business Network

