

# Contractor confidence steady, but cautious

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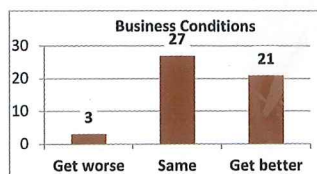
## 1. Introduction

The latest Forest Industry Contractors' Association business confidence survey was completed in July 2018. 51 logging contractors responded to the survey, providing estimates of five measures of business confidence over the next six months. Our thanks to all those contractors who took the time to participate in the survey.

## 2. Questions and contractor responses

### a. Business conditions

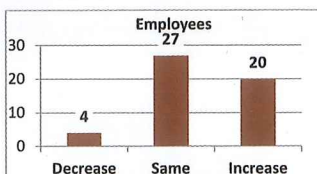
"Do you think conditions for your business are going to improve, stay the same or get worse in the next six months?"



Get worse	Same	Get better
3	27	21

### b. Employees

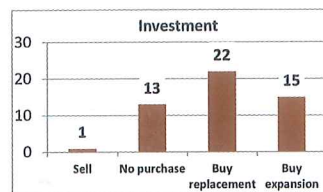
"Are you likely to increase, maintain, or decrease number of employees over the next six months?"



Decrease	Same	Increase
4	27	20

### c. Spending on capital equipment

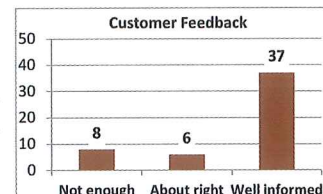
"Are you likely to be purchasing new machinery or equipment over the next six months, no plans to buy any equipment, or selling?"



Sell	No purchase	Buy replacement	Buy expansion
1	13	22	15

### d. Feedback from customers

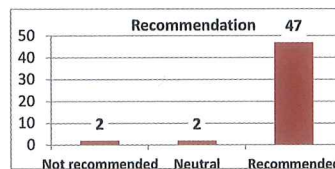
"Do you receive adequate information from your major customers so that you can plan for change in your business?"



Not enough	About right	Well informed
8	6	37

### e. Recommendation

"Would you recommend your industry as a good place to work?"



Not recommend	Neutral	Recommend
2	2	47

## Commentary on the five business confidence measures

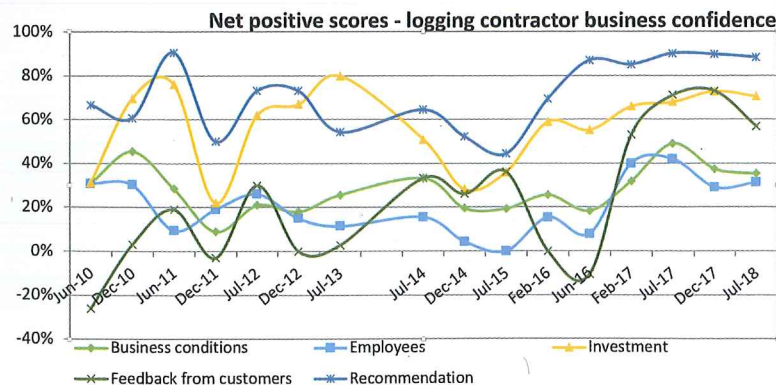
- Overall business confidence is at the same level as the past 2 surveys (in both July and December 2017), with 94% of respondents expecting business conditions to stay the same or improve.
- 92% of respondents expect to maintain or increase their number of employees over the next 6 months, a 3% increase since the last survey. Only 8% of contractors expect to decrease their employee numbers.
- There has been an increase in the proportion of respondents

not purchasing equipment to 25% (from 19% in the December 2017 survey). There has also been a decrease in respondents expecting to purchase machinery for expansion or sell machinery.

- 16% of logging contractors believed they did not receive adequate information and feedback, and 12% were neutral (both up 6% from the previous survey).
- 92% of logging contractors would recommend the industry as a good place to work, similar to the December 2017 survey.

## 3. Trends in logging contractor business confidence (Jun 2010 to July 2018)

The % net positive response rate provides a summary of business confidence for the period.



Note: the % net positive response is calculated as (% of respondents giving an optimistic response, minus the % of respondents giving a pessimistic response).

## Trends over time

Contractors' assessments of overall 'business conditions' have decreased by 3% in net positive score since the December 2017 survey, due to over half of the respondents expecting conditions to stay the same. There has been a decrease in net positive scores for 'feedback from customers' (16%) and a very slight decline in 'investment' (2%). Fewer contractors are expecting to buy machinery or equipment for expansion, with more contractors not expecting to purchase or sell anything in the next 6 months. Additionally, 'Recommendation' has also seen a slight decrease going from 90% in the December 2017 survey to 88% for the current survey.

On the other hand, there has been an increase in net positive feedback for 'employees', which has increased by 2% from the previous survey. 53% of respondents are expecting to maintain the same number of employees over the next six months with less people expecting to decrease employees. (NZL)