



ENERGY AND TRANSPORT PRICES

June 2021

BusinessNZ 

Energy and Transport Survey June 2021

The BusinessNZ network has been getting feedback from members about significant increases in electricity, gas and transport costs, so we have conducted a survey to test the impact. This report details some of the key findings.

There were 87 respondents from a range of business sizes, and a range of industry sectors. We think is a good indicative sample of the New Zealand manufacturing sector.

Note: Within the survey, there are some significant differences between average and median figures, this is because some businesses have experienced very large increases in cost. On electricity and gas, they tend to be the big companies with over 100 employees that have experienced the larger cost increases. Transport costs increases were felt across the board but marginally impacted small to medium-sized businesses more which could be due to having less bargaining power.

Catherine Beard
Executive Director
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Electricity prices

40.7%

of respondents have experienced electricity price **increases** in the last 12 months. (32.6% said no and 26.7% were unsure).

75.7%

was the average percentage increase. The median was 35%.

62.8%

of respondents expect their electricity price to increase in the next 12 months. Only 10.5% expect it to decrease.

In terms of impact of the electricity bill on the operating costs of respondents, around **60% said it was a middling to significant impact**. Those for which it was a larger impact (median score of 4 out of 5) were the larger employers.

The vast majority (86%) are buying their electricity from energy retailers, brokers or in a buying group. Around 7% are direct contract with a generator, and 5.8% on the wholesale market.

Gas prices

- 25.3% have experienced increased gas prices in the last 12 months (37.3% said no and 37.3% were unsure).
- Of those who experienced an increase, the average increase was 52.7% (median 15%).
- 35% expect gas prices to increase in the next 12 months
- In terms of the impact of the gas bill on operating costs, 56.6% said no impact and 31.3% said middling to significant impact.
- 81.7% had not experienced difficulty in securing gas contracts in 2021, while 8.5% said they did have difficulty.



Impact of energy costs on the viability of the Business

48.2%

of respondents said increased energy costs had a **middling to significant impact on the viability of their business**, while 51.8% said it had no impact or a minor impact.



Transport costs

Respondents were asked what their transport cost increases have been since COVID-19.

Imports

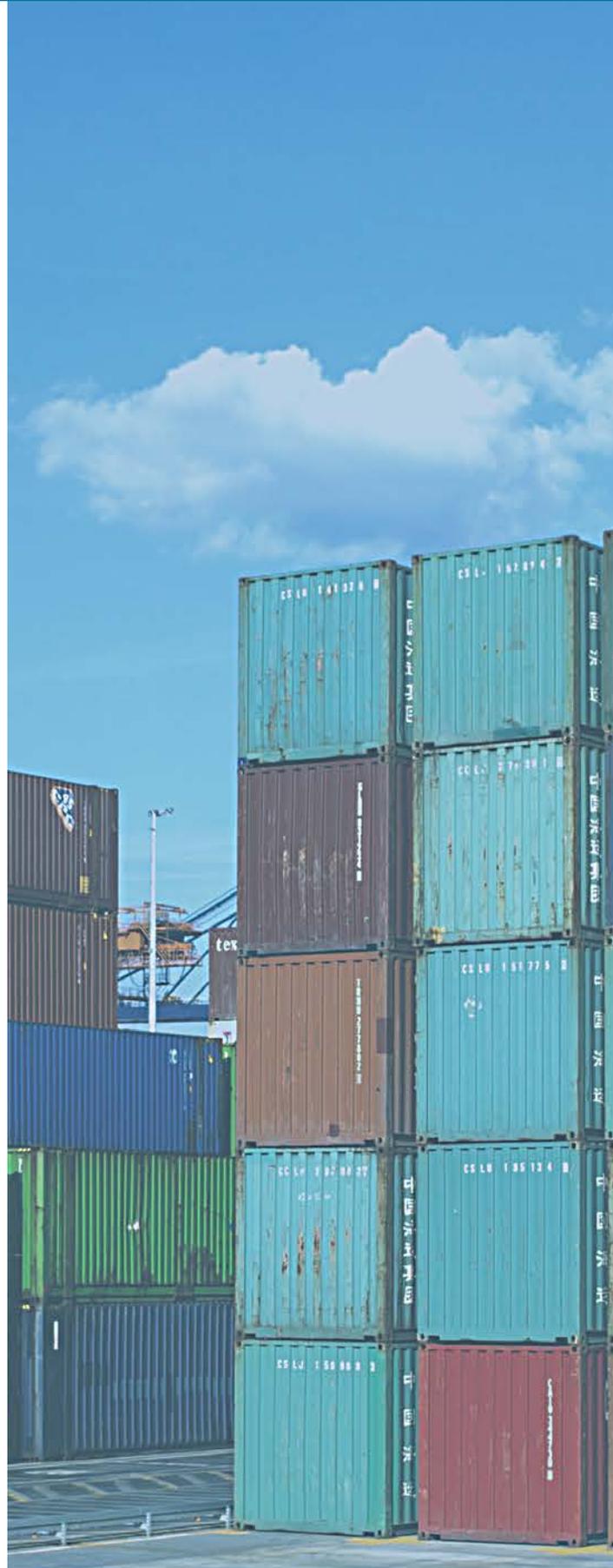
The average increase in transport costs for imports from respondents was 124.2% (45% median).

Exports

The average increase in transport costs for exports was 77.7% (30% median).

Storage

The average increase in costs for storage and inventory was 23.5% (15% median).



Strategies to cope with increased costs

74.7%

of the respondents said they would put the price up for their customers.

42.2%

said they would absorb increased costs but reduce business activity

22.9%

said they would reduce staff numbers

8.4%

said they would offshore manufacturing to a more competitive country

3.6%

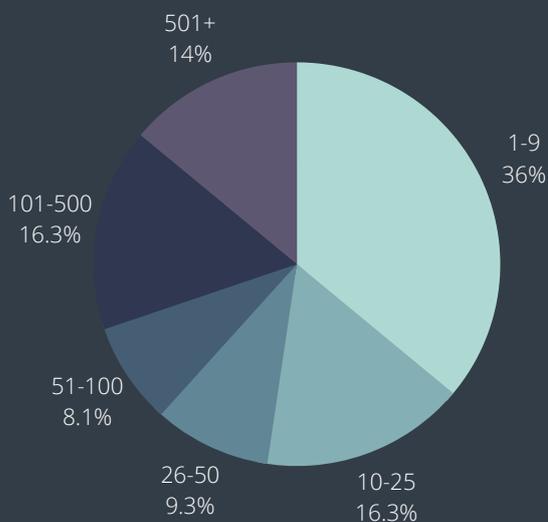
said they would close

Others mentioned increasing efficiency and taking lower margins. Also, some of the larger energy users are frequently stopping production.

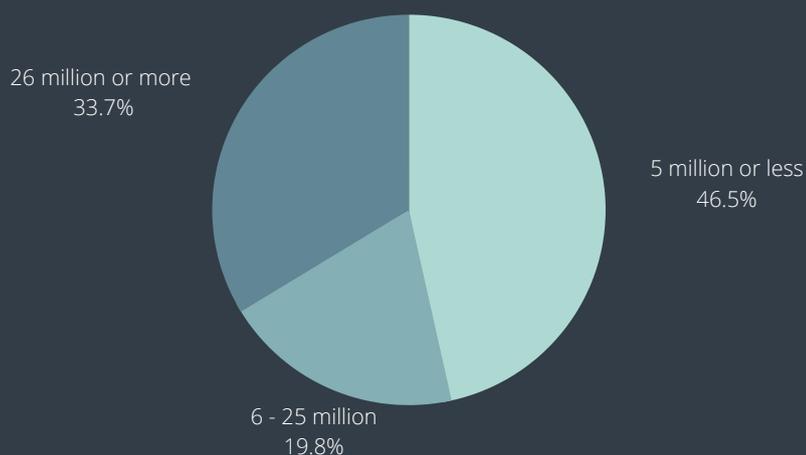


Who participated in this survey?

Sizes of firms



Annual turnover



87 businesses from the following sectors completed this survey:

- Wood and paper products - 13.9%
- Beverage and tobacco products - 2.3%
- Fruit, oil, cereal and other food - 7.0%
- Non-metallic mineral products - 2.3%
- Chemical, polymer and rubber products - 2.3%
- Seafood processing - 2.3%
- Furniture and other manufacturing - 11.6%
- Printing - 2.3%
- Meat and dairy products - 7.0%
- Textile, leather, clothing and footwear - 8.1%
- Transport equipment, machinery, and equipment - 2.3%
- Metal products - 5.8%
- Information and Communications Technology - 1.1%
- Petroleum and coal products - 1.1%
- Other - 30.2%