

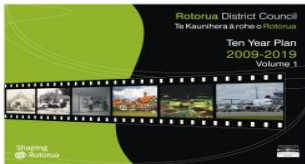
## “Kia ora” welcome to the June edition of Strictly Business

**Building a winning team.** Over the past few weeks I have shared some thoughts on how to grow the economic pie in Rotorua. We will be digging deeper in the coming weeks with business to work out how to build a platform on which growth can occur naturally and with incentive in a competitive environment. In essence, we will ask what businesses or industries we would seek to motivate to move to Rotorua to add value and form symbiotic relationships with other businesses so that all can thrive and grow together? What checks, measures and rigour do we apply to determine the value these businesses and industries will bring to Rotorua. Building teams of businesses, or clusters as they are commonly known, is not a new approach but does require a lot of commitment and development to ensure every business contributes to and is active in building the team. A spa cluster, a film cluster, a forestry cluster are all examples where this approach has had some success in the past in Rotorua. The process requires constant refinement and a willingness to completely change tack if the model is not working. I have learned over the past couple of years that great things take time. Listening to the business community pays huge dividends when developing new and progressive ideas for the city. The platform for growth in Rotorua is a strong one. We are not reliant on one sector to pull us out of recession and this bodes well for developing a plan of action on many fronts. The willingness to grow has been established. Now is the time to learn and grow together.



**Grant Kilby,**  
 Destination  
 Rotorua  
 Economic  
 Development

## Economic boost in Rotorua District Council's new ten year plan



After a year of detailed planning, community consultation, public hearings and many days of long council meetings, Rotorua District Council adopted a new ten year plan this week covering the period 2009 to 2019.

A feature of the plan is a decision by the council to hold increases in total rates being collected in the 2009/10 year to just 1.96%, well below inflation and one of the lowest rates increases of any council in the country. The low rates increase is a result of belt tightening across all areas of council operations, increasing other revenue opportunities and developing new funding partnerships, rather than reducing services.

However the council points out that the actual level of rates individual properties are to be charged will be dependent on new independent property valuations which come into effect with rates charged in the 2009/10 year. Ratepayers with properties in parts of the district where there have been substantial valuation increases could pay more than the council's 1.96% overall rate take increase, while other areas where valuation increases have been minor could pay the same or less than last year.

The ten year plan document also signals the council's intention to limit future increases in rates revenue for the following nine years, to near the levels of inflation.

Ensuring the local economy has the opportunity to counter the effects of the global recession is a significant feature of the ten year plan with the establishment of a \$7 million 'Grow Rotorua Development Fund' expected to help boost the local economy and attract new business and recreation opportunities.

Other funding is allocated for attracting inwards investment to help

local employment and entrepreneurial activity.

Rotorua's Lakefront and CBD are set for facelifts in coming years and the council has included funding in the ten year plan to kick start both projects. Eight million dollars has been allocated for phase 1 of the Lakefront project, involving redevelopment of the Lakefront pier, which will get underway in 2011/12.

An innovative project to recycle waste from the district's wastewater treatment plant by converting sludge into energy will also get attention, with a small scale pilot plant being built to test the viability of the proposal. The 'Waste2Gold' programme will start in the 2009/10 year in partnership with local business, Scion.

The issue of kerbside recycling, and other waste minimisation processes for the district, attracted many submissions to the draft ten year plan. As a result the council has decided that further investigation is required before final decisions can be taken and commissioning of an independent report is being given priority. In the meantime the council has included additional funding of \$800,000 per year in the plan ready to implement any decisions from the report with effect from 1 July 2010. Young people in the community will also benefit from the new plan with \$600,000 allocated between 2010 and 2013 for building four new skateboard parks or adding facilities aimed specifically at young people in existing parks.

In introducing the newly adopted ten year plan, Rotorua Mayor Kevin Winters said the council had been careful to consider the need for the district to prosper and to balance this with the community's ability to pay for future needs.

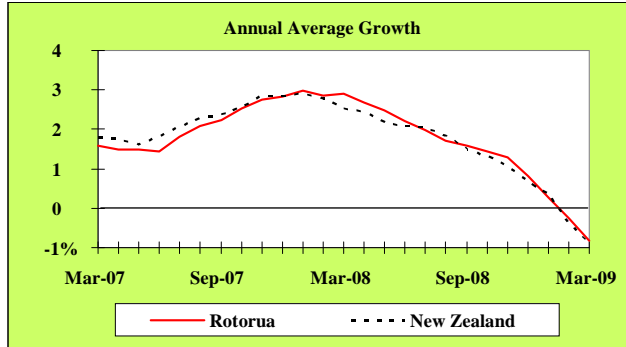
"We are confident that with a 'steady as she goes' approach, Council is setting in place a well-planned and affordable direction for a sound and sustainable future."

The Ten Year Plan 2009-19 can be viewed online at [www.rdc.govt.nz](http://www.rdc.govt.nz)

Why not Live and Work, where the rest of the World comes to Play?

Affordable      Relaxing      [www.rotorua-living.com](http://www.rotorua-living.com)      Unique      Central

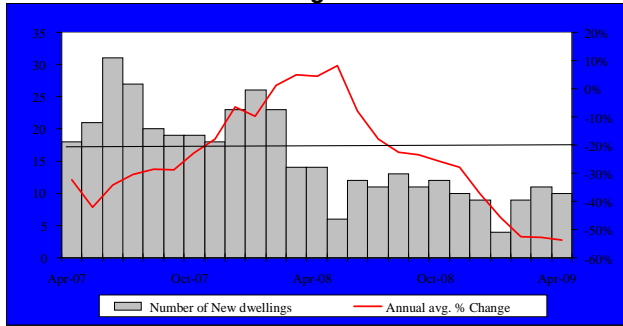
**Economic Growth**



Source: APR Consultants

The APR index of economic growth is constructed from key indicators. The annual average growth rate of Rotorua's index was negative 0.8% for the year ended March 2009, consistent with annual average growth of negative 0.9% in New Zealand's index over the same period.

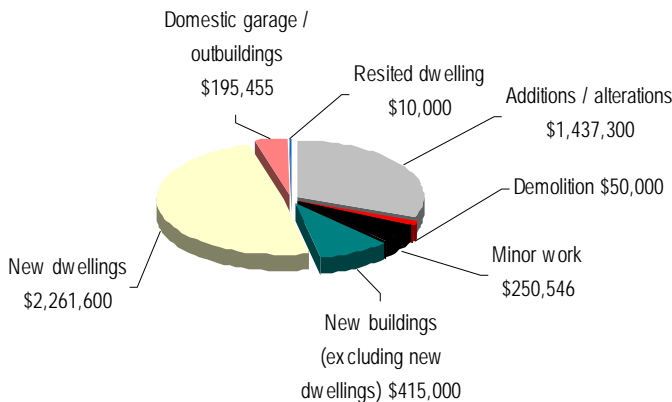
**Building Consents**



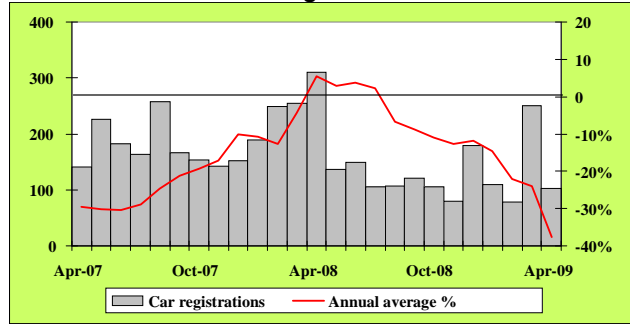
Source: Rotorua District Council

There was a total of 9, 11 and 10 new building consents issued for new residential dwellings in Rotorua during February, March and April of 2009 respectively. These were all less than the 14 consents issued in April 2008. The annual average growth rate in the number of new building consents issued for residential dwellings in Rotorua was negative 53.7% for the year ended April 2009.

**Value of RDC Consents Passed, May-09**



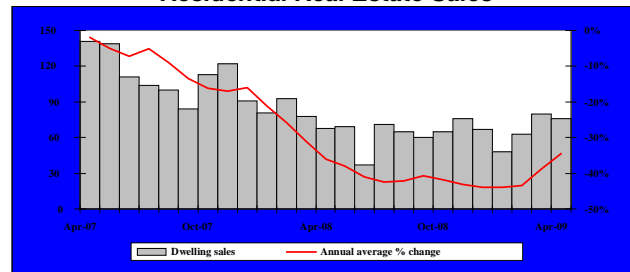
**Car Registrations**



Source: Land Transport Safety Authority

The number of cars registered in Rotorua (including both new and ex-overseas car types) increased from 79 cars in February 2009, to 251 cars in March 2009, but declined to 103 cars in April 2009. The annual average growth rate in the number of new and ex-overseas cars registered in Rotorua was negative 37.7% for the year ended April 2009.

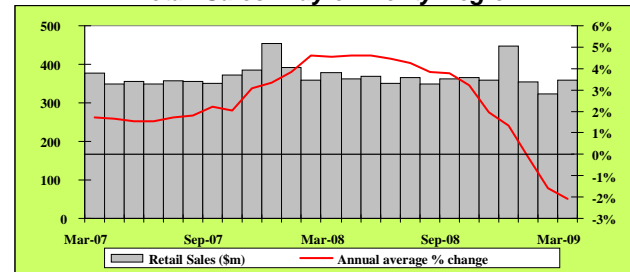
**Residential Real Estate Sales**



Source: Real Estate Institute of New Zealand

There was a total of 76 houses sold in Rotorua during April 2009, which was slightly less than the 80 houses sold in March 2009, but greater than the 68 houses sold in April 2008. The median sales price increased from \$250,000 in March 2009, to \$269,000 in April 2009. The annual average growth rate in the number of houses sold in Rotorua was negative 34.4% for the year ended April 2009.

**Retail Sales- Bay of Plenty Region**



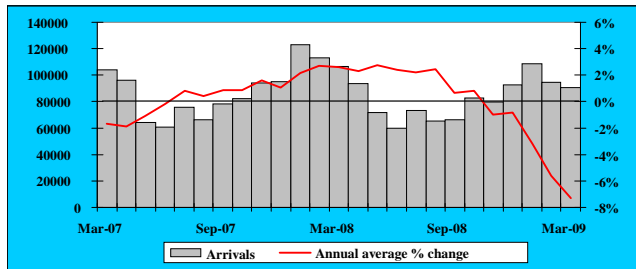
Source: Statistics New Zealand

The value of Bay of Plenty Region's retail sales totalled \$358.7 million during March 2009, greater than the \$323.2 million retail sales in February 2009, but still less than the \$379.2 million retail sales in March 2008. The annual average growth rate in the nominal value of Bay of Plenty's retail sales was negative 2.1% for the year ended March 2009.

**SUMMARY**

All of the Rotorua's economic indicators recorded negative growth for the year ended April 2009, with the volume of houses sold showing the only improvement. Meanwhile, international visitors to Rotorua commercial accommodation providers and Bay of Plenty retail sales contracted further in the year ended March 2009. Annual average growth in APR's economic index for Rotorua grew more negative for the year ended February 2009, inline with the performance of New Zealand's index.

## Rotorua Visitor Arrivals



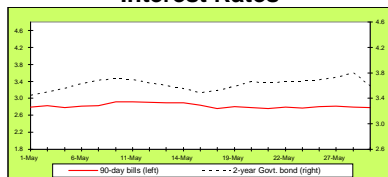
Source: Statistics New Zealand – Commercial Accommodation Monitor

There was a total of 90,844 visitors to Rotorua's commercial accommodation providers during March 2009, which was 4,046 less than the number of visitors in February 2009, and 14.7% less than the number of visitors in March 2008. The annual average growth rate in the number of visitors to Rotorua's commercial accommodation providers was negative 7.3% for the year ended March 2009.

Full report available at: <http://www.rotoruanz.com/downloads/pdfs/RTIF.pdf>

## National Monitor

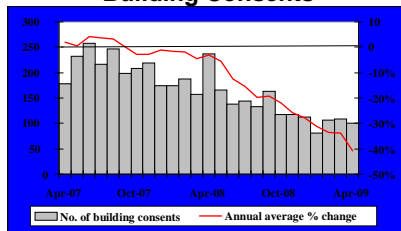
### Interest Rates



Source: Reserve Bank of New Zealand

New Zealand wholesale interest rates fell slightly during the first half of May 2009, but stabilised during the remainder of May 2009. By the end of May 2009, 90-day bill rates had settled at 2.78%.

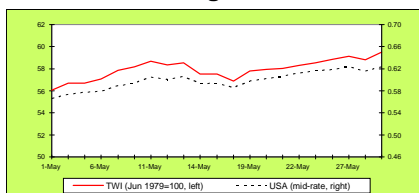
### Building Consents



Source: Dept of Statistics Building Surveys and Vitals Section

There was a total of 1,009 new building consents, with a combined value of around \$260.3 million, issued for residential dwellings during April 2009. This was less than the 1,091 consents issued in March 2009 and much less than the 1,567 consents issued in April 2008. The annual average growth rate in the number of new building consents was negative 40.7% for the year ended April 2009.

### Exchange Rates

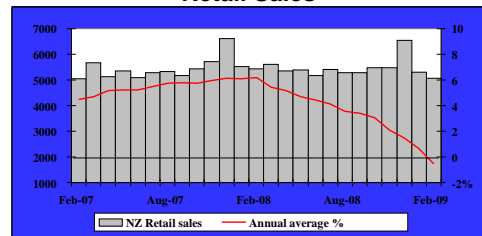


Source: Reserve Bank of New Zealand

The New Zealand dollar appreciated throughout May 2009. By the end of May 2009, the \$NZ was worth \$US0.6232, and the Trade-Weighted Index (TWI) reached 59.5 points.

## National Monitor

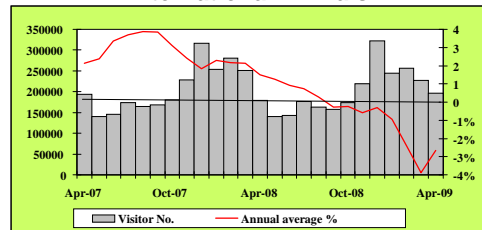
### Retail Sales



Source: Business Statistics Section, Statistics New Zealand

The value of New Zealand's retail sales for Feb 2009 were the lowest value of monthly retail sales recorded since March 2007. The annual average growth rate in the nominal value of New Zealand's retail sales was negative 0.5% for the year ended February 2009.

### International Arrivals



Source: Statistics New Zealand

There was a total of 195,883 international visitor arrivals to New Zealand in April 2009, less than the 226,461 international visitor arrivals in March 2009. However, this was an increase of 16,495 international visitor arrivals compared with April 2008. The annual average growth rate in the number of international visitor arrivals was negative 2.7% for the year ended April 2009.

### SUMMARY

According to the National Bank's Business Outlook Survey, business confidence rebounded in May 2009. A net 2% of firms expected general business conditions to have improved in 12 months time, which was in contrast to April 2009's result where a net 15% of firms expected general business conditions to deteriorate in 12 months time. This was the first month since September 2008 that optimists outnumbered pessimists in terms of expectations surrounding general business conditions.

Firms' expectations of their own activity also recovered in May 2009, with a net 4% anticipating an improvement in their own business activity in 12 months time, compared to April 2009's result, where a net 4% expected deterioration in 12 months time.

Confidence was up across all industry sectors, with the exception of the retailing sector expecting reduced activity in 12 months time. While the outlook for profit, investment and employment intentions remain in negative territory, they all showed some improvement from April 2009. Exporters lost some confidence compared to April 2009, but a net 6% of firms still expected to increase exports in 12 months time. This may be partly impacted by the weakening world demand which dragged commodity prices down and the appreciation of the New Zealand dollar during May 2009.

These business confidence indicators signal that the New Zealand economy may have approached the bottom of this current recession. However, it is expected to be a long slow recovery with 2011 being predicted as a time where economic growth might return to 2007 levels.

Disclaimer: "Strictly Business" is produced monthly by APR Consultants for Rotorua District Council. Although the monitor incorporates the most recent information available, many of the figures are provisional. Accordingly, no liability can be accepted for the accuracy of the material contained herein. Businesses and individuals are advised to seek professional advice before making major business decisions. Any decisions based on the information

The Innovation centre at the 2009 Fielddays has attracted 68 entries in the six categories, all vying for the ultimate Innovation award, The Golden Standard. The Innovation Centre at Fielddays is powered by the University of Waikato. Guest speaker, Chancellor of the University of Waikato, Rt Hon Jim Bolger, spoke on the value of innovation and the need for an open mind when faced with the 'big' innovations of the century, and remarked "Innovation is without value if it is still in the back shed".

Fielddays is proud to acknowledge the sponsorship of these awards from the University of Waikato, Straight Furrow and James and Wells Intellectual Property, and is excited by the number and variety of entries this year. Fielddays Innovations organiser Lianne Dunbar said "Innovation entries this year have been outstanding in both volume and quality."

The Golden Standard was won by students James Blanchet & Andrew Begg with their invention the Ezzy-K. The Ezzy K is a K line mover that is an efficient and effective time saver. It allows the operator to drive up to the K line attachment point, connect to it and move it to a new location, then disconnect it without getting off the ATV. The judges felt a lot of time had gone into this invention which speeds up the operation of moving K Line for irrigation.



Other results include:

The **Young Inventor** was awarded to Sacha Rennie, for the Safe T Halter. This horse safety halter that has a Velcro release mechanism which allows it to pull free from the horse if it gets caught on something.

The **Invention Merit award** was won by Robert Best for his Kick Gate Hinge, an adjustable hinge which lifts the end of a steel gate to clear higher ground. This will allow the user to open a gate up hill as the gate to ground clearance increases as the gate opens. The judges felt this innovation was beautiful in its simplicity.

In recognition of the Premier Feature 'My Land, Our Environment', special 2009 category the **Environmental Award**, was won by Lindsay Lewis, for his Clean Green Effluent System. This low application, fully automated environmental effluent system, distributes the effluent evenly over a paddock thus reducing the environmental impact. The Judges felt this system had a big positive impact on the environment without costing more.

**Equipment Entry of the Year** award was won by Zee Tags, who have modified the system of sheep tagging, speeding up the process by three or four times.

**Equipment Merit Award**, was won by Peter Gwilliam with his Cow Lifter, which will lift cows without the use of tractor and safely transport them anywhere on the dairy farm.

Amanda Laurie  
<http://www.fielddays.co.nz>

**Green Directory is Worlds First! Ever wanted to find the best offers on the most sustainable, healthiest and safest products or services in New Zealand?**



Brought to you by the Sustainable Business Network and green living site Ecobob.co.nz - this is the site that kiwi businesses and consumers alike have been waiting for [www.greenlist.co.nz](http://www.greenlist.co.nz)

Suppliers provide special offers when they list their products and services. They then rate themselves against six principles of sustainability: cyclic, solar, mega-efficient, safe, social and certified.

The website was launched to the public at a function in Auckland on March 24<sup>th</sup>. Interest in the site has been overwhelming and with an ever growing volume of green products and services listed, interest will only increase.

If you haven't already, go ahead and list your business while the introductory offer is still running - SBN members can list for a whopping 18 months for FREE. List today by going to [www.greenlist.co.nz](http://www.greenlist.co.nz).

Users of the site have the opportunity to share their thoughts about the product or service by commenting on the listings. This results in a full 360-degree view of the listings and keeps suppliers honest: as claims are endorsed, refuted, questioned, or discussed.

For the full story go to:

<http://www.sustainable.org.nz/>



Shop Rotorua



**Retailers Offer your customers the chance to win a Big Spender \$10,000 Shopping Spree.**

This grand **\$10,000 Shopping Spree** will be drawn on Monday 3rd August 2009. The Winner will indulge on a whirl wind day... A Luxury Limo, chauffeured around the City spending up large with their **\$10,000 Shopping Spree**.

**How Does Your Business Participate In the JULY 2009 BIG SPENDER ?**

1. In the first week of July 2009 Official Big Spender Packs will be distributed around the CBD. Contest begins Monday 6 July 2009. To be sure you receive yours email [cathweston@slingshot.co.nz](mailto:cathweston@slingshot.co.nz) to register FREE.
2. Run Big Spender in your business as your 'own' in store promotion. Ask all your clients that have purchased to Complete a Big Spender entry ticket to be in the draw.
3. **Only** Official entry tickets qualify for the draw. More will be available at City Focus. Use this time to deliver filled in entry tickets to the Big Spender bin at City Focus.
4. You will need to deliver all completed Big Spender entry tickets to City in the Big Spender bin by Friday 31st July 2009. You have up until 4pm that day.

**Contact :** Cath Weston [cathweston@slingshot.co.nz](mailto:cathweston@slingshot.co.nz)  
Tel : 07 345 7775

## Business Outlook June 2009

Confidence continues to rise. A net 6 percent of our respondents expect general business conditions to improve over the next 12 months, up 4 percentage points on May. Leading the charge is the construction industry with a net 46 percent expecting better times ahead, the highest reading since 1999. Conversely, sentiment within the agriculture sector slipped and it's hard to go past the reality check that a dairy payout forecast of \$4.55 / kg milk solids will be having.

Firms' own activity expectations continued to nudge higher as well. A net 8 percent expect better times ahead. Improving sentiment was apparent in all the major sub-groups, bar services.

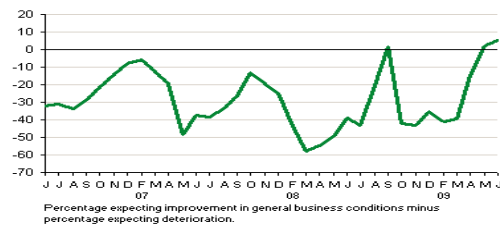
These movements are welcome. The firms' own activity expectations reading, by itself, is now pointing to positive growth. But, like last month, the dog still has fleas. Profit, employment and investment intentions remain stuck in groundhog day, barely budging on the month prior. A net 24 percent of firms expect lower profits. Profit expectations was up in retailing and manufacturing, but down in agriculture, construction and the service industries. Employment intentions fell marginally. The labour market outlook remains particularly poor with a net 17 percent expecting to hire fewer staff in the year ahead, down 1 percentage point on May. A net 6 percent of firms expect to be investing less, again down marginally from the previous month. Recovery will not become self-fulfilling until investment and hiring pick up. These are naturally lagged responses, but critical nonetheless.

Our composite growth indicator – which comprises own activity, profit, employment and investment expectations – remains negative. The economy continues to contract. But like last month, the positive spin is that the pace of contraction is occurring at a slower rate.

Across the remainder of the survey, export intentions picked up, but with only a net 11 percent expecting exports to increase over the year ahead, the index remains low. Pricing intentions continue to fall. A net 9 percent expect to raise prices over the year ahead, down 3 percentage points on the month prior. There is simply no pricing power left in the economy and we may well see inflation fall below the bottom of the 1 to 3 percent target band.

This month we introduced a new question, relating to the ease of finding credit. This is in recognition of the critical role the process of credit creation and facilitation play within the economy. The past decade has seen a growing portion of literature devoted to the "credit channel of monetary policy". The operation of this channel over the past year has been a key reason why central banks have used the traditional monetary policy lever more aggressively. Internationally there are a host of surveys that report on the availability of credit, and these – such as the US Federal Reserve Senior Loan Officer Survey – are closely watched.

BUSINESS CONFIDENCE INDEX



A net 17% expect credit to be more difficult to get over the coming year. Those engaged in the construction industry perceive access to credit as improving over the year ahead +5%, while the service sector perceives access to credit as "tight" -24%.

This is difficult to benchmark, as is normally the case when you first start building a time series. However, surveys such as the Fed's Senior Loan Officer Survey generally report the availability of credit being restrictive, around a net minus 40 to 60 percent (depending on which sub component). Obviously, this comes from the supply side of credit, whereas we are assessing perceptions from the demand side. But it is nonetheless interesting to view the relativities, which remain stark.

These divergences highlight a key difference between the likes of the United States and New Zealand. The former is stuck in a systemic downturn. As house prices fall, spending stops. Profits decline. Jobs are lost as cost cutting starts. Mortgages can't be paid. We see forced house sales. House prices fall... ..jobs are lost, credit quality deteriorates, banks start making losses, credit is tightened, house prices fall, and the spiral is in motion. The outlook for asset prices and the underlying strength of the financial system are key elements.

Obviously, economic conditions have altered the rules and terms on which credit is offered. It would be folly to think that, six quarters into a recession, things in New Zealand would remain the same. Yet, if there is one insinuation we could possibly take from our survey, it is that while credit conditions have tightened, the credit pendulum has not swung too far.

Source National Bank

For more information:

<http://www.nationalbank.co.nz/>



## Business Mentors New Zealand in Rotorua

Business Mentors New Zealand provides business mentoring to businesses that have been operating for at least twelve months and have fewer than 25 staff. This service is provided in Rotorua under the umbrella of Destination Rotorua Economic Development.

Topics covered include:

- strategic planning,
- finance and accounting,
- marketing, human resources,
- legal compliance,
- process management and more.

**Take advantage of this opportunity** and follow the simple instructions to request a mentor on the website <http://www.businessmentor.org>, or phone 0800 103400.



Business Mentors  
New Zealand

## Become involved!!!

**"Why not Live, Work, Invest and Do Business where the rest of the world comes to Play?"**

We have produced a Living in Rotorua Guide for newcomers which is aimed at assisting new migrants locate information and services in Rotorua if you would like this publication or any other information about settling in Rotorua

For more information:  
[heather.mcallister@rdc.govt.nz](mailto:heather.mcallister@rdc.govt.nz) or visit our website  
[www.rotorua-living.com](http://www.rotorua-living.com)

Log on to [www.rotorua-business.com](http://www.rotorua-business.com) and take a look at the official Rotorua living, working, investing and doing business site generating around 120,000 hits and 12,000 visits per month.

### Rotorua 2008 "Promotional DVD

We have a few promotional DVDs which showcases Rotorua as a living, working, investing, business and visiting location. This DVD is designed to assist you with the attraction of staff and investment.

These DVD's are now available for purchase at just \$ 10.<sup>00</sup> excluding GST each. This is a great way to promote Rotorua.



For more information: Visit our Web Site [www.rotorua-business.com](http://www.rotorua-business.com) or contact us:  
Tel 348 4199 Ext 8055 or e-mail [info@rotorua-business.com](mailto:info@rotorua-business.com)

## Rotorua Events Calendar

### Marketing Workshop

Wednesday 22 July 2009  
9am -12pm  
Morning Tea Provided



### Marketing Strategies Workshop

Tuesday 28 July 2009  
9am -12pm  
Morning Tea Provided

### Managing Resources Workshop

Tuesday 28 July 2009  
1.30pm to 4.30pm  
Afternoon Tea Provided

For more information:

Empower Team Limited  
0800 4387 267 or (07) 572 5492  
Email: [etpbop@xtra.co.nz](mailto:etpbop@xtra.co.nz)



## Feedback

If you have anything to contribute please let us have your news, views or stories, as well as any business events you have coming up by contacting us:

Chris Heywood (Project Officer - Destination Rotorua Economic Development)  
Tel (+64) 7 348 4199  
Fax (+64) 7 350 0182

**"Only the wearer knows where the shoe pinches."  
George Herbert (1593-1632)**