

strictly Business

April 2005

Welcome to the 4th edition for 2005

Key business indicators show that overall the Rotorua economy remained positive in February 2005 with residential real estate sales 'booming' and car registrations strongly rebounding. However, in January 2005 retail sales cooled, and visitor arrivals peaked, both as expected. Overall, there was a high level of local business activity in Rotorua for the year ended January 2005 even though the New Zealand economy has been affected by reduced internal demand (shown by December quarter GDP growth) and the RBNZ's reluctance to ease up on monetary policy.



Regards: **Mark Rawson** Destination Rotorua Economic Development

Final draft strategy completed for Rotorua's 'BrightEconomy'



Rotorua 27.04.05: The final draft of the 'BrightEconomy' strategy for Rotorua's future economic development received unanimous endorsement when presented to Rotorua District Council's Finance & Strategic Planning committee meeting .

The strategy follows a comprehensive programme of research and consultation with business people and organisations over the past nine months. It was funded by both RDC and New Zealand Trade & Enterprise (NZTE).

Destination Rotorua Economic Development general manager, Mark Rawson, said the *BrightEconomy* strategy is about recognising that in the 21st century, the social, spiritual and physical well-being of a community will increasingly depend on the wealth and prosperity created by its people. "This reflects their values, attitudes towards life and each other, and the fulfilment they achieve in their lives through successful contribution."

"*BrightEconomy* provides a collaborative strategy and a framework for this prosperity and well-being to occur. The focus on sustainable wealth creation and the successful values and attitudes that go with it are positive ways that the Rotorua community can grow."

Bill Wasley, leader of the project team, said the strategy involves the concept of a public/ private partnership towards encouraging innovation. "It's about removing barriers to growing the economy, changing attitudes so all parts of the community are committed to developing a culture of wealth creation and enhancement, and participating in the well being that flows from it.

"Mr Wasley acknowledged the effort put in by Vision Rotorua as the reference group for the project, as well as the many other key stakeholder organisations that provided valuable input.

Project team member Ken Tremaine said the project team received valuable input from a wide range of groups and organisations, all of whom have a particular interest in seeing Rotorua's economy take off in the years ahead and ensuring that the strategy reflects the direction that local people want Rotorua to move in.

Mr Rawson said the draft strategy focuses on five key themes and also a number of specific action areas:

Theme 1: Adding value to the economy: broadening and deepening the economy to extend opportunities, particularly in the tourism, forestry / wood processing and agricultural sectors eg;

- o Assist tourism/retailing to increase visitor expenditure share through the development of initiatives such as the Rotorua Sustainable Tourism project
- o Develop value added forestry and wood processing opportunities
- o Support emerging sectors

Theme 2: Dynamic place: creating a dynamic environment to attract and retain residents, visitors, investors and business eg;

- o Enhance competitive edge as a destination to visit, live, work, invest & do business
- o Continue to offer high quality community facilities
- o Attract & retain skilled labour through promoting Rotorua's unique mix of economic and lifestyle opportunities

Continues.....

Theme 3: Business environment: establishing an environment in which sustainable economic development can occur eg;

- Take a strategic approach to leveraging off the growth in the Western Bay of Plenty
- Upgrade transport links between Rotorua and adjacent areas
- Ensuring that the economic development strategy is supported in both the district plan and rating policy.

Theme 4: Education and skills: encouraging skilled workers to remain in the region and adopting methods to 'up skill' and educate the local community eg;

- Develop industry lead partnerships to address skill requirements
- Improve qualification levels and literacy/numeracy of school leavers
- Facilitate youth transition to workforce

Theme 5: Building Networks and growing capacity: developing the structures, partnerships and networks that will produce results across the entire strategy eg;

- Ensure agencies in place, with agreed resources and responsibilities to implement the strategy
- Encourage business networks and clusters
- Work with neighbouring districts to expand economic opportunities

"Two of the key focus areas have been, developing ownership for Rotorua's economic development in the business community and focussing on the actual implementation of the resulting actions," said Mr Wasley

"To drive this, it is proposed that a board be formed to oversee strategy and action implementation and to adjust the strategy as required. The board will be established by a Council and industry representative body for an initial 3 year period with defined responsibilities and performance expectations. It will consist of Rotorua business people with specific skill sets.

"It is about establishing a board of wise people to develop and debate ideas, provide business leadership in collaboration with others, and proposing ways to further enhance and grow the economy," he said.

"This plan allows for a more strategic, focussed and coordinated approach to public sector funding of Rotorua's economic development, from a local, regional, and central government, and industry perspective.

"It is important to note the strategy is not just RDC's but that it has other key stakeholders involved in its delivery. RDC's commitment is highlighted in this year's annual plan with \$100,000 allocated towards implementation.

"The strategy will be launched as part of the Rotorua Economic Forum on Friday 27 May 2005. This forum will provide the Rotorua business community, and local and regional government leaders, the opportunity to become more informed on its contents and to play a role in identifying the priorities for the 2005 -06 year.

For a copy of the overview of the strategy go to: www.rotorua-business.com/brighteconomy.asp

Rotorua Economic Forum 2005



"Why not live, work, invest and do business where the rest of the world comes to play?"

That is Mark Rawson's, General Manager, Destination Rotorua Economic Development, catch phrase and basis for Rotorua's BrightEconomy strategy. It's about creating "a thriving, engaged and fulfilled community enjoying the benefits flowing from a focus on sustainable on-going wealth creation" said Mark and it is with pleasure that I am able to announce the Rotorua Economic Forum 2005 that will be held;

12 noon Friday 27 May 2005, at the Grand Tiara Hotel

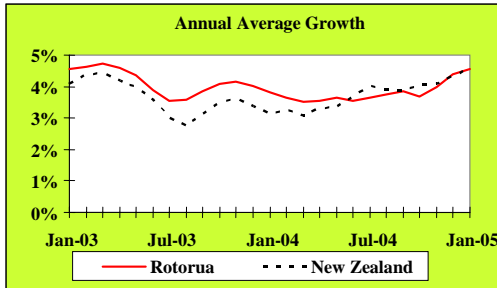
Interesting speakers and informative workshops will make the Rotorua Economic Forum 2005 a must to attend. The Forum provides an opportunity for business people, stakeholders and employees to attend an informative forum that will provide insight into the Rotorua BrightEconomy project enabling a greater understanding of and involvement with the future economic development of the Rotorua region.

Mark said "The forum will also identify what are the highest priorities for the implementation of the BrightEconomy Strategy as well to launch the calls for expressions of interest for a private sector Board to be established to realise BrightEconomy Strategy.

Space is limited to 150 guests.

To secure your place, watch out for your invitation in the post or visit our web site:
http://www.rotorua-business.com/Bright_Economy_Forum/forum.asp

Economic Growth



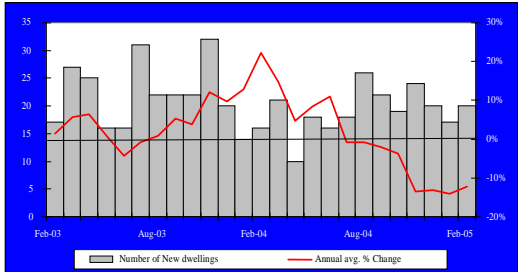
Source: APR Consultants

The APR index of economic growth is constructed from key indicators. The latest growth index showed that the business activity in Rotorua has maintained a high level for the year to January 2005.

Key Indicator Trends

This section of "Strictly Business" examines trends in key indicators of Rotorua's economic activity.

Building Consents

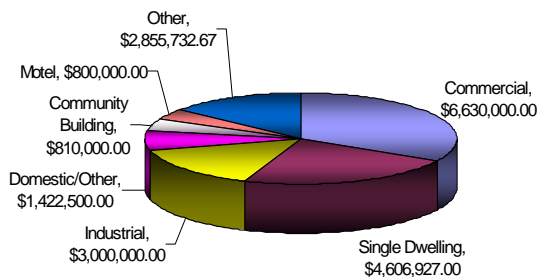


Source: Rotorua District Council

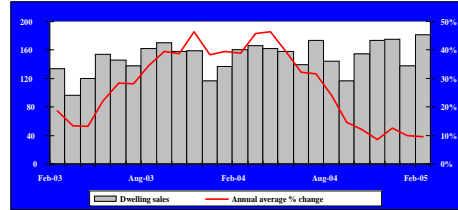
The local number of building permits issued for new dwellings rose from 17 recorded in January to 20 in February. While this was higher than the 16 issued in February last year, low activity recorded in the 1st half of 2004 has dragged the year-on-year statistics down by 12.2% for the year ended February 2005.

Value of Building Consents Passed

March 2005



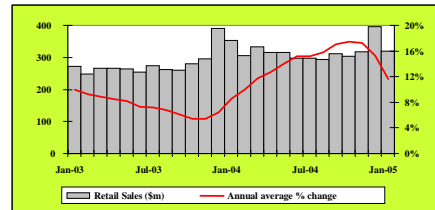
Residential Real Estate Sales



Source: Real Estate Institute of New Zealand

The residential real estate market in Rotorua 'boomed' in February. There were a total of 181 dwellings sold during the month, with a median sales price of \$170,000. The sales volume broke the old high of 175 recorded just 2 months ago, which brought year-on-year growth to 9.6% for the current February year.

Retail Sales



Source: Statistics New Zealand

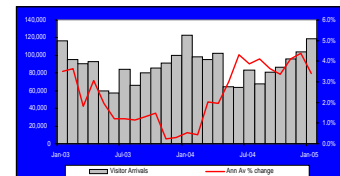
Retail sales started to cool down in the BOP region when the holiday season ended. The value of sales totalled \$320.1 million during January 2005, down by \$352.4 million (or fall of 10.3%) compared to the same month of the previous year. Accordingly, year-on-year growth has slowed from 15.3% for the 2004 calendar year to 11.7% for the January 2005 year.

Visitor Arrivals

February 2005

- Visitor arrivals in Rotorua were up from 98,163 in February 2004 to 100,472 in February 2005, a 2.35% increase.
- The occupancy rate was up, increasing from 60.6% in February 2004 to 61.4% in February 2005.
- Rotorua recorded an increase in visitor nights for February 2005 respectively.

Visitor Arrivals



Source: Statistics New Zealand

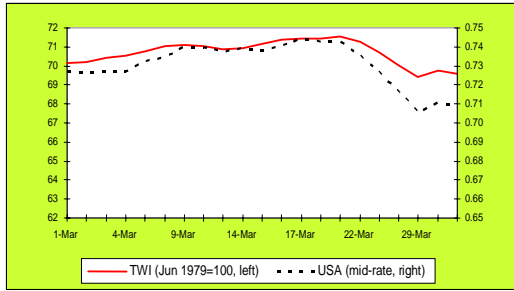
Year ended February 2005

- Visitor arrivals in Rotorua for the year ended February 2005 increased by 3.32% (or 34,106 visitors) compared with the year ended February 2004.
- Visitor nights in Rotorua increased by 41,063 (or 2.18%) for the same period, to reach 1,927,844.
- Average daily and yearly commercial accommodation capacity both increased in Rotorua for the year ended February 2005. Compared with the year ended February 2004, they were up by 3.45% and 3.16% respectively.
- Of the selected RTOs, Christchurch recorded the highest growth of 9.75% in visitor nights over this period. The national growth rate was 4.33%.

Full report available at:

http://www.rotoruanz.com/information/research_statistics/rotorua_figures.htm

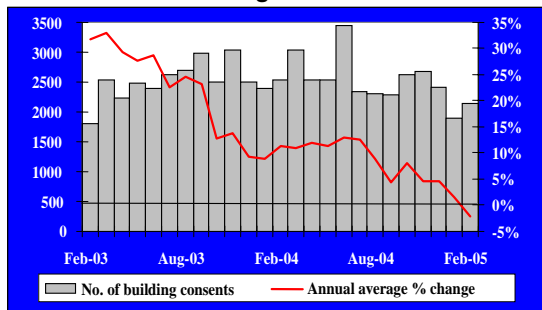
Exchange Rates



Source: Reserve Bank of New Zealand

The NZ exchange rate hit a new high in mid March 2005 – with on Kiwi dollar trading at 74.4 US cents on the 17th of March. However, weak NZ GDP and poor CAD data saw the NZ currency retreat quickly. By the end of the month, one NZ dollar was worth 70.9 US cents and the trade-weighted index (TWI) anchored at 69.6 points.

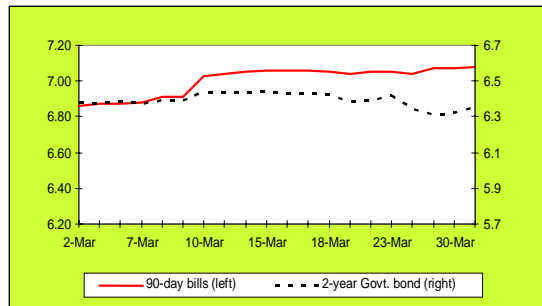
Building Consents



Source: Dept of Statistics Building Surveys and Vitals Section

New Zealand's dwelling construction market remained in a slump. While the number of permits issued for new dwellings rose from 1,898 recorded in January to 2,145 in February, the levels were the lowest and the 2nd lowest since March 2003. Consequently, annual average growth for the 1st time since December 2001 fell by 2.1% for the current February year.

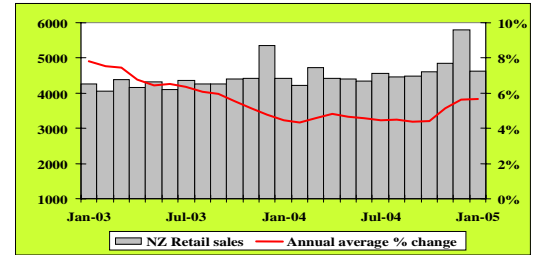
Interest Rates



Source: Reserve Bank of New Zealand

A steep increase in 90-day bill rates that occurred in the 2nd week of March was mainly triggered by an OCR hike by the RBNZ, which also widened the gap between the bill rates and the government 2 year bond yield. By the end of the month, 90-day bill rates had broken 7%.

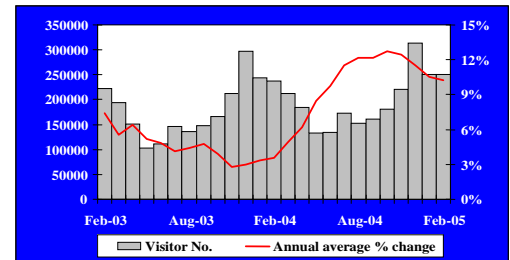
Retail Sales



Source: Business Statistics Section, Statistics New Zealand

Compared to January last year, retail sales throughout the country increased by \$202.4 million to \$4,624.8 million in January 2005. This was the highest level recorded for January sales and boosted annual average growth by 5.7% for the year ended January 2005.

International Arrivals



Source: Statistics New Zealand

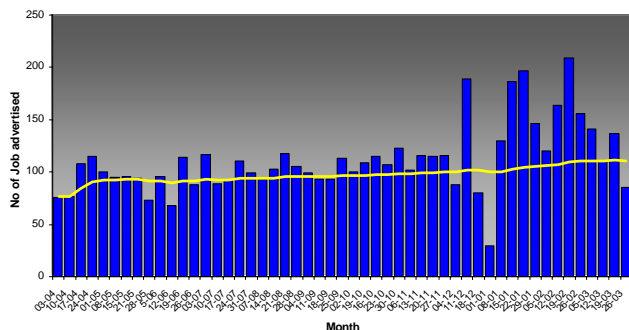
The international tourism market has stabilised in NZ over the past 2 months. There were a total of 249,933 and 250,070 short-term overseas arrivals recorded in January and February, respectively. However, they were higher than the 238,032 recorded in February 2004, taking year-on-year growth to 10.3% for the year to February 2005.

Summary

Whilst, New Zealand enjoyed a spectacular 4.8% growth for year 2004, the latest GDP figures seem to signal that the growth pace has peaked in the current cycle. Two confidence survey results were consistent with this expectation. According to the National Bank's survey, business confidence was subdued in March 2005. A net 20% of firms expected the general economic conditions to deteriorate over the next 12 months, down from a net 13% who took a similar view in the previous survey. All sectors felt gloomy, with farmers becoming the most pessimistic (a net 43% had a negative outlook), followed by manufacturers (a net 25%). However, firms remained confident about their own business prospects. Led by retailing (a net 35%), all surveyed groups, including services (a net 34%), manufacturing (a net 28%), agriculture (a net 26%), and building sector (a net 11.6%) were optimistic. This led to a net 30% of respondents expecting their own business to be improved for the coming year. Comparably, consumers also took a positive view. The latest survey by WestpacTrust showed that the consumer confidence index stood at 126.7 points in the March 2005 quarter. While the confidence level remained high (>100 which indicates more optimists than pessimists), it eased from 130.2 recorded in the December 2004 quarter. Furthermore, consumers started to be less optimistic about the overall business situation and their own financial conditions. In sum, both survey results are broadly consistent with 'consensus forecasts' that the New Zealand economy will trend down in 2005 (whilst still exhibiting a positive growth rate).

Employment Advertisements Reach New Highs

February 2004



As predicted the job advertisements have eased off after the highs of the previous couple of months, with 474 jobs advertised in March with an average of 118 jobs per week this is still above the annual weekly average of 111 jobs per week.

Top Sectors weekly averages:

Industry Sector	Avg/wk	Mar Avg	Feb Avg
Agriculture	14	23	33
Accommodation	14	16	23
Retail	15	15	25
Property	6	10	7

Source – EDU observations of the Daily Post Newspaper

Thailand and New Zealand

a more profitable partnership

ON 1 JULY 2005 THE NEW ZEALAND – THAILAND CLOSER ECONOMIC PARTNERSHIP (CEP) WILL COME INTO EFFECT AND 52% OF EXPORTS TO THAILAND WILL BECOME DUTY FREE.

This agreement opens up exciting opportunities for wider business partnerships between our two countries. A wide range of measures in the CEP are designed to improve the business environment between New Zealand and Thailand, reduce the cost of doing business and promote co-operation. To assist current and potential exporters to Thailand to understand the opportunities and implications for their business, New Zealand Trade and Enterprise (NZTE) is holding a seminar series from 16 - 20 May. Experts from Thailand will talk to you about ways in which you can take advantage of these changes. You'll also have the opportunity to hear case studies from successful exporters to the region.

- **Auckland** Monday 16 May, Crowne Plaza, 8.00am - 12.00 noon
- **Hamilton** Wednesday 18 May, Waikato Stadium - Gallagher Lounge, 12.00 noon - 4.00pm

Keynote speakers include:

Jo McEvoy NZTE TRADE COMMISSIONER, Thailand Peter Rider NEW ZEALAND AMBASSADOR to Thailand Rachel Fry LEAD NEGOTIATOR, THAI CEP, Ministry of Foreign Affairs and Trade Case studies from local exporters in your region

The seminars are free and commence with a breakfast at 8.00am and a lunch at noon in Hamilton.

Delegates will receive an information pack to assist them with their plans to export to the region. You can register by phoning Justine Carr (04) 477 9925 or 0800 Thailand, 0800 842 452 or emailing or faxing the registration form to fax 04 477 9985 or email thailand@cem.co.nz. RSVP by Monday 9 May.

RDC Planning Services

Our Customer Service focus has been given a boost by the introduction of a new position, **Team Leader, Customer Services**. The role is to develop excellent customer relationships and networks for Planning Services. Rick Dunn has been appointed, and he is happy to assist with any ideas or queries.

For your planning enquiries contact:

Rick Dunn
Telephone 07 348 4199 or 350 0209 ext 8046
E-mail: rick.dunn@rdc.govt.nz

Rotorua Business SWAP

Big Breakfast-



Mitch Harris Radioworks top motivator and team builder

Wednesday 11 May 2005

Royal Lakeside Novotel

6.50am for a 7am - 9am

\$20.00 members

\$30 non members

Enquiries: Raewyn

telephone: 07 348 0234

Registration@businesswap.biz

You just have to have breakfast with this man. He is funny, informative and above all 100% right when he says "A motivated team is a winning team". Mitch is one of those guys who has the magic touch and his success in motivating and shaping the Radioworks team is legendary in the Radio business.

Bring your team members, we promise this will be an event you won't want to miss. It will make a difference to your **business success.**

Employment Skills update

The fourth meeting of the Construction, Engineering, Manufacturing and Transport sector group was held on 06 April with over 40 companies and organisations attending. It is pleasing to note we are still attracting newcomers to the initiative with the active database for this sector group up to 85 companies. This meeting covered the Rotorua Business Awards, the Business in the Community mentoring scheme and a workshop on, are ITO's, industry, schools, tertiary providers meeting your expectations and what solutions can you provide to strengthen these working relationships/expectations with one another to achieve positive outcomes? **The next breakfast meeting for this sector group will be held on 01 June 2005**



Seen at the Construction, Engineering, Manufacturing and Transport sector meeting on the 06/04/05.

For more information on the Employment Skills Project please visit <http://www.rotorua-business.com/employskills.asp>

Gain more exposure for your business by listing on www.rotorua-business.com
Looking for skilled staff? Advertise on www.rotorua-business.com/employment.asp

Business in the Community provides free business mentoring to businesses that have been operating for at least six 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.

Destination Rotorua Economic Development

Who are we?

Destination Rotorua Economic Development is a business unit of Rotorua District Council.

What do we do?

"Destination Rotorua Economic Development actively works together with the wider Rotorua business and government community aimed at creating an environment that encourages and stimulates economic growth."

What does the organisation do?

Four areas of operation:

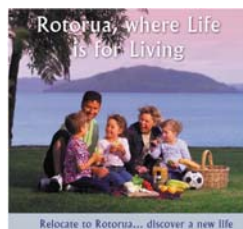
1. Provision of relevant Rotorua **economic and business information**
2. **Facilitation** of business to business and business to government (local & national) interaction.
3. **Marketing** of the region as a place to: www.rotorua-business.com
 - a. Do business in
 - b. Live in
 - c. Work in
 - d. Invest in
4. **Project Management** of Strategic Level Economic Development Projects
 1. Rotorua Economic Development Strategy – BrightEconomy
 2. Rotorua Employment Skills Strategy
 3. Regional Film Initiative- Film Volcanic
 4. Implementation of Retail Strategy
 5. Infrastructure development particularly industrial land.

Who we are

Mark Rawson – General Manager
 Chris Heywood – Project Officer
 Joanna (Jo) Gargiulo – Employment Skills Coordinator

Visit our Web page for more ...

www.rotorua-business.com



Rotorua SWAP Big Breakfast

Guest Speaker - Mitch Harris from Radioworks

Wednesday 11 May 2005

Royal Lakeside Novotel 6.50am

for a 7am - 9am Meeting

\$20.00 members

\$30 non members

Enquiries: Raewyn telephone: 07 348 0234

BA5 - The 'Great' Way To Network -Rotorua Chamber of Commerce.

Event Time:17:30

Start Date:10/05/2005

BA5 Hosted By:

When: **10 May 2005**

Where: **The Buried Village** Pam McGrath Tarawera Road

Time: 17:30 - 19:30

Phone: 07 349 6126

Thailand and New Zealand a more profitable partnership Hamilton

Wednesday **18 May**, Waikato Stadium - Gallagher Lounge,

12.00 noon - 4.00pm

You can register by phoning Justine Carr (04) 477 9925

The Rotary Club of Rotorua Sunrise Centennial Ball

When: **Saturday, May 21, 2005**

Venue: **Rotorua Convention Centre**

A spectacular event to celebrate the 100th Birthday of Rotary.

2005 Stage Challenge

Starts: **Monday, May 23, 2005**

Finishes: **Tuesday, May 24, 2005**

Venue: **Rotorua Civic Theatre**

Stage Challenge is a Dance, Drama and Design spectacular for Schools

Pink Floyd Experience

When: **Thursday, May 26, 2005**

Venue: **Rotorua Civic Theatre**

Having just completed two very successful tours of Australia and with tours pending in South Africa, Japan, Singapore, Hong Kong UK and USA the Pink Floyd Experience is definitely a musical event not to be missed.

Lions' roar to be heard in Rotorua in 2005

Starts: **Saturday, June 04, 2005**

Finishes: **Sunday, June 05, 2005**

Venue: **Rotorua International Stadium**

The Lions will play the Bay of Plenty Steamers

For more event information:

Visit

<http://www.rotoruanz.com/eventvenues/calendars.as>

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 (Economic Development Unit Project Officer)

Tel (+64) 7 348 4199

Fax (+64) 7 350 0182

E-mail; Chris.Heywood@rdc.govt.nz

New state-of-the-art LOSP plant for KLC Limited and TimTech Chemicals JV



Prime Minister Helen Clark officially opens the new LOSP plant as (left to right) Steve Chadwick, MP for Rotorua, Ron Eddy, managing director of TimTech Chemicals and Kevin Lewis, managing director of KLC Limited look on.

Photo Courtesy: Kerry Grant Photography

The Prime Minister, the Right Honourable Helen Clark, officially opened a new state-of-the-art LOSP (light organic solvent preservative) timber treatment plant at Kaingaroa, near Rotorua recently.

Believed to be the most modern technologically advanced LOSP plant of this type in the Southern Hemisphere, the project is a joint venture between TimTech Chemicals Limited and local company, KLC Limited.

In launching the facility, the Prime Minister praised the collaborative efforts of the two young, innovative New Zealand companies.

"KLC and TimTech Chemicals should be applauded for making such an investment."

"The use of a light organic solvent preservative will ensure both companies are better able to serve the needs of their North American customers," she said.

Ron Eddy, managing director of TimTech Chemicals said the commissioning and launch of this exciting project at KLC's manufacturing five-hectare site at Kaingaroa is a major milestone for TimTech Chemicals.

Measuring 980 square metres the innovative timber treatment facility houses a large (1.8 metre diameter x 15 metre) treatment cylinder, as well as three working tanks and three for bulk storage of chemicals.

"The plant has been designed so that three different wood preservative formulations can be applied, as and when required, providing the potential of operating 24 / seven (24 hours each day, seven days per week)," he said.

It is the first plant to use TimTech's ERMA (NZ Environmental Risk Management Authority) registered, new non-metallic environmentally friendly LOSP wood preservative, TimTech AzUS™, the active ingredients of which have been recognised

by the US Environmental Protection Agency (EPA) and which also meet the requirements of the US Windows and Door Manufacturing Association (WDMA) Standard for Water-Repellent Preservative Treatment of Millwork.

The new technologically advanced plant provides for a quick turnaround of production and can handle domestic and Australian product, as well as high quality treated product for the US market.

Kevin Lewis, KLC's managing director, said that the opportunities in the US market for a treated product similar to that already being produced by KLC in an untreated form, started the company's review of the options available.

KLC's manufacturing facility is largely geared for the production of solid clear Radiata Pine boards and pre-primed (treated) clear finger-jointed Radiata Pine boards for the US market.

"From this stemmed our joint venture with TimTech Chemicals and the construction of the new innovative treatment facility," he said.

"We saw a gap in the market to supply treated Radiata Pine for the US market and TimTech was able to supply the formulation of chemicals that meet the stringent requirements of that market."

"It's too expensive for us to send product to and from local treatment facilities, so we started working with TimTech to develop a state-of-the-art timber treatment facility on site about 18 months ago."

The LOSP plant was designed, built and installed by John Sinton, a New Zealander from Sinton Engineering based in Australia.

KLC's recent joint venture with Pan Pac Forest Products, which also supplies manufactured product for the US market, means that KLC is treating Pan Pac's product as well as its own.

Officially launched by the Prime Minister on earlier this month, the new state-of-the-art, fully automated LOSP plant has been operating at full potential since late last year.



The new LOSP plant in operation.

Photo Courtesy: Kerry Grant Photography

RED STAG ROARS - TO 600,000 IN '06



Waipa Sawmill

Just a little more than a year after the receivership cloud over the future of Waipa Sawmill was lifted, it is about to give the Rotorua region a significant economic boost.

Red Stag Timber Ltd, which operates Waipa Mill, has announced its intention to increase production by over 50%, from around 200,000 m³/pa to over 300,000 m³/pa. This expansion to the region's economic base is equivalent to the opening of a new medium-sized sawmill and timber processing plant.

"The decision to expand production is one of the outcomes from our recent strategic review. While Waipa Mill is relatively large by New Zealand standards, it is only medium-sized by world standards. It could become uneconomic. To secure its future, we need more volume to attain greater critical mass and to maintain internationally competitive production efficiencies", says Red Stag executive chairman, Phil Verry.

The increased production will be primarily targeted at meeting existing increased demand for Red Stag timber from the New Zealand domestic market, with some grades produced to increase supply to Asian customers.

Phil Verry, Red Stag general manager, Tim Rigter, and marketing manager, Kirsten Cameron, have recently returned from a marketing visit to China, where Red Stag is cooperating closely with the strategy of NZ Trade & Enterprise to develop market opportunities for New Zealand timber in the burgeoning China market.

"Other timber producing nations are penetrating the China market. The Finnish industry, for example, has a strong presence derived from a powerful single-desk marketing model. To fully compete with such resourceful competitors, New Zealand timber producers need to cooperate in such markets, too", he says.

"The Australasian housing markets have been exceptionally buoyant for structural timber. They have to soften, which makes it imperative that we: increase market share; develop new distribution channels; and maintain international standards of best practice in all areas of our business, especially service to customers, quality assurance and price competitiveness", says Mr Verry.

In response to increased demand from new and existing customers, Red Stag is already progressively ramping-up its production. The newly targeted production level will be fully on-stream by early 2006.

Coincidentally, the expansion move will also partially counteract the effects of New Zealand's self-imposed destructive monetary policy cycles, the latest of which is cutting a swathe through the domestic sawmilling industry, he says.

"The industry is confronted with extremely challenging conditions. Its economic viability is being hammered by the damaging effects of irrational monetary policy interventions. The consequential permanent economic destruction, which is remorselessly lowering the relative living standards of New Zealanders, is quite unnecessary, but meanwhile the timber industry, along with other exporting sectors, has to contend with the Reserve Bank's intellectually indefensible Neroistic fiddling with the nation's economic lifeline, the export sector. This, predictably, has caused the country's massive unsustainable trade and current account deficits", Mr Verry says.

"Our strategic analysis recognises that the stand-still policy option is not tenable for our company. The recent spate of closures of other sawmills, due to exchange rate pressure – which is an ongoing trend, with more closures probable – testifies to that. Such businesses as ours either go backwards, or they strategise to progress. We have the team to succeed, so we are vigorously pursuing the progressive course", he says.

Phil Verry says the expansion will require the investment of several million dollars and will create new employment opportunities at Waipa Mill.

"Our confidence in making this decision to invest is underpinned by increasing demand for Red Stag timber, from existing and new customers serving the New Zealand domestic market and overseas markets, including Asia," Verry says.

"We are confident we can procure the additional suitable logs – total annual log procurement will lift to over 600,000 tonnes – and, also, that we will be able to sell the extra timber production. Our commitment to absolute integrity in all of our internal and external relationships is paying off. It has given us the platform to be confident about this expansion", he says.

In undertaking this expansion, Mr Verry says Red Stag Timber Ltd is maintaining its exceptionally low risk profile.



Tim Rigter G.M (left) with Phil Verry Executive Chairman (Right)

Supplementary Building Information

ROTORUA

March 2005

Type of Consent	Total Value of Consents	Number of Consents
Accommodation/Motel	\$800,000.00	1
Commercial/Retail Shop	\$6,630,000.00	2
Commercial/Restaurant	\$205,200.00	1
Commercial/Other	\$333,500.00	10
Community Building/Other	\$810,000.00	2
Domestic/Single Dwelling	\$4,606,927.00	23
Domestic/Multiple Dwelling	\$300,000.00	1
Domestic/Other Structure	\$57,000.00	4
Domestic/Other	\$1,422,500.00	28
Domestic/Resite	\$358,000.00	5
Domestic/Conservator	\$35,408.67	2
Domestic/Demolition	\$28,000.00	3
Education/School	\$10,000.00	1
Education/Other	\$211,240.00	3
Farm Buildings/Implement Shed	\$27,400.00	2
Farm Buildings/Other	\$47,700.00	5
Industrial/Wood Processing	\$3,000,000	1
Industrial/manufacturing	\$250,000.00	1
Industrial/Other	\$53,000.00	1
Minor Work/Heater	\$136,010.00	56
Minor Work/Plumbing	\$38,455.00	13
Minor Work/Other	\$36,700.00	13
Outbuilding/Garage	\$191,246.00	16
Outbuilding/Sleepout	\$314,227.00	5
Outbuilding/Carport	\$24,866.00	8
Outbuilding/Other	\$197,780.00	11
Total	\$20,124,959.67	218

SOURCE: Application Status Report, 01 March 2005 to 31 March 2005, Rotorua District Council.