

Welcome to the February edition of Strictly Business



Greetings all

On the business front retail sales activity was strong in Bay of Plenty region in November 2005. Annual average growth rates in the number of new residential building permits issued and the number of residential real estate sales for Rotorua were 50.5% and 13.0% respectively. Compare these results to annual average growth rates of -16.3 and -2.3% for the number of residential building permits issued and the number of residential real estate sales respectively for New Zealand as a whole. Over all the estimated annual average rate of growth in the Rotorua economy for the year to November 2005 was above the estimated growth rate for the national economy over the same time period

Regards **Mark Rawson** Destination Rotorua Economic Development

“Rotorua businesses and consumers more optimistic than their national peers.”

The latest public confidence survey, released by Destination Rotorua Economic Development, shows that local indices indicate the following:

- local general business conditions will remain constant over the next 12 months,
- national economic activity will decrease,
- personal income will go up,
- business profits will rise,
- business employment will increase,
- business investment will be at increased levels,
- promotional budgets will remain steady or increase.
- export volumes will increase,
- building construction levels will increase.

Destination Rotorua Economic Development's General Manager, Mark Rawson, said that he was encouraged by the way Rotorua business are more confident than their national counterparts.

“These figures are still very encouraging for Rotorua. The provisional growth index shows that business activity in Rotorua has grown by 3.1% for the year to November 2005 and is above the level of business activity in the national economy which was below 3% over the same time period. The median real estate sales price also increased to record highs to reach \$214,500 in December 2005.”

Despite the level of discussion and some indications around the fact that the NZ economy is slowing, it is of interest that the majority of Rotorua businesses expect to employ the same amount or more workers over the coming year. This highlights the importance of creating a working and living environment that can retain and attract highly skilled staff, which will create the opportunity for more lower level employment as a flow on effect.

Roger Gordon, CEO of the Rotorua Chamber of Commerce said, “This is a very positive indicator for business in our city. The next year will be a challenge and some organisations will find it a difficult environment in which to do business. However, maintaining a positive approach and looking at ways in which we can work cleverer, making the most of the opportunities that arise will help us get through this soft period.”

At a recent informal meeting of a number of Rotorua businessmen, discussion was focused on identifying the factors that is giving Rotorua such a relatively buoyant view of the future.

- High profile events being staged in the city such as:
 - Forest Industries 2006
 - Oceania & World Mountain Biking events
- The proposed airport development

- The construction of the Rotorua Energy Events Centre
- The strength of the New Zealand residential housing market.
- The impact of the opening of the direct road to Tauranga through Ngongotaha.
- The growth in supply of new residential sections and sub-divisions.
- Challenges with infrastructure being experienced by neighbouring cities,
- The quality of leadership being shown by council is a strong factor.

Phil Verry, Executive Chairman of Red Stag Timber identified the rationalization and reorganization of the forestry industry as a major positive factor. The key players are being more proactive and recognize the opportunities for growth and expansion.

Bryce Heard, Chairman of the Rotorua Bright Economy Advisory Board said that in his new role he was also heartened by the level of collegiality and leadership that had been displayed recently between the public and private sectors. The airport development and the energy events centre aligned with the serious levels of investment from organisations such as Skyline Skyrides, Te Puia and the Ibis Hotel would be a couple of good examples that spring to mind.

Deryck Shaw, Director APR Consulting was very positive about the level of development that is planned, both residential and commercial. “A number of local contractors are looking at a larger window with the commitment to a number of reasonably large scale projects.”



Work is progressing well at the new Energy Events Centre

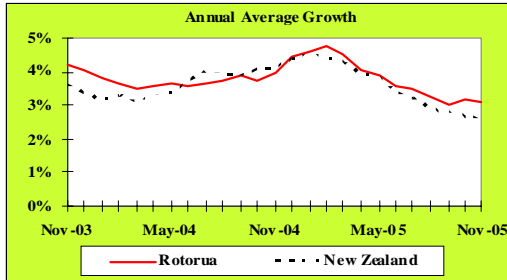
For more information contact:

Mark Rawson General Manager Destination Rotorua Economic Development, phone 07 348 4199 or mobile 0274904 454.
or **Roger Gordon** CEO Rotorua Chamber of Commerce phone 07 349 6126 web site: www.rotorua-business.com



Local Monitor

Economic Growth



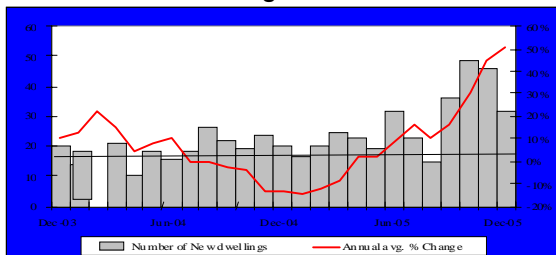
Source: APR Consultants

The APR index of economic growth is constructed from key indicators. The latest growth index shows that Rotorua's economy grew 3.1% from the year ended November 2004 to the year ended November 2005.

Key Indicator Trends

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

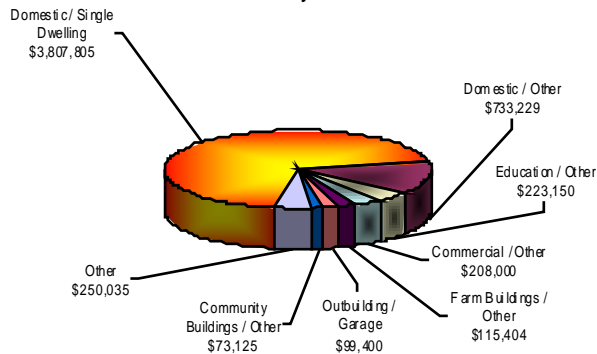
Building Consents



Source: Rotorua District Council

Following the strong activity over the last three months, the residential building market eased in Rotorua in December 2005. A total of 32 permits were issued for new dwellings during the month, down from 46 issued in November, but still well above the 20 recorded in December 2004. The annual average growth rate in the number of new residential building permits issued in Rotorua was 50.5% for the year to December 2005.

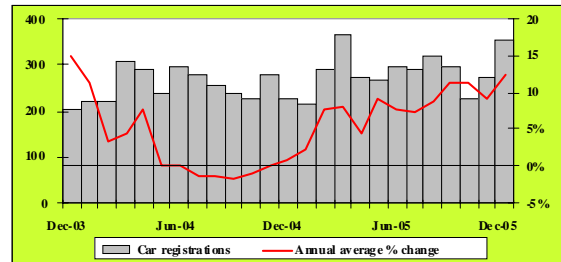
Value of Building Consents Passed January 2006



Source: Application Status Report, Rotorua District Council

Local Monitor

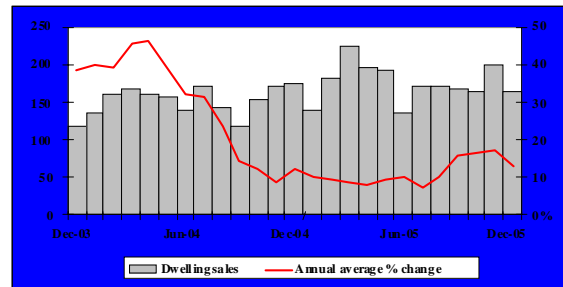
Car Registrations



Source: Land Transport Safety Authority

There was a total of 350 cars (including both new and ex-overseas car types) registered in local postal offices during the month, the second highest level over the last decade. The annual average growth rate in the number of car registrations was 12.2% for the year ended December 2005.

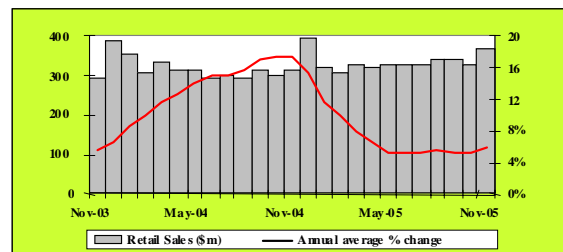
Residential Real Estate Sales



Source: Real Estate Institute of New Zealand

There was a total of 163 houses sold during December 2005. This number of sales was lower than the 200 and the 175 recorded in November 2005 and December 2004 respectively. However, the median house sale price remained firm increasing by \$4,500 from November's median price to reach \$214,500 in December. The annual average growth rate in the volume of residential house sales was 13.0% for the year ended December 2005.

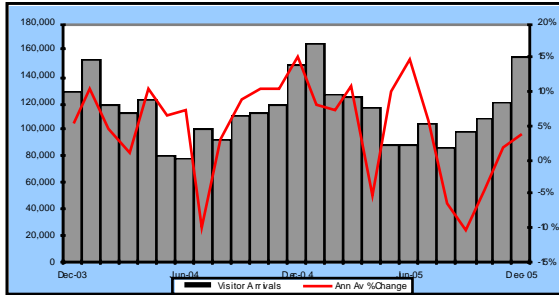
Retail Sales



Source: Statistics New Zealand

Retail sales activity was strong in Bay of Plenty region in November 2005. Total sales reached \$371.7 million during December. The annual average growth rate in the value of retail sales in Bay of Plenty region was 6.0% for the year to November 2005.

Rotorua Visitor Arrivals



Source: Statistics New Zealand – Commercial Accommodation Monitor, and APR Consultants – Private Accommodation Monitor

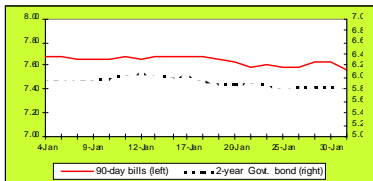
There were 155,186 overnight visitor arrivals to Rotorua’s commercial and private accommodation during the month of December 2005 – an increase of 5,657 visitors or 3.8% over December 2004. On average they each stayed 3.2 nights for a collective 493,591 nights. For the year ending December 2005 there were 3,362,024 visitor nights spent in Rotorua - a 3.6% increase over the previous year.

Full report available at:

http://www.rotoruaNZ.com/information/research_statistics/rotorua-tourism.asp

National Monitor

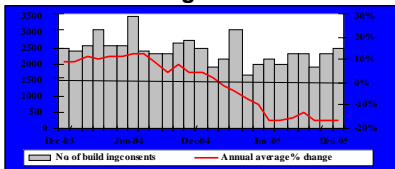
Interest Rates



Source: Reserve Bank of New Zealand

The statement released by the RBNZ in January 2006 indicated the end of monetary policy tightening for the current economic cycle. Consequently, wholesale interest rates fell. By the end of the month, 90-day bill rates had fallen to 7.57%.

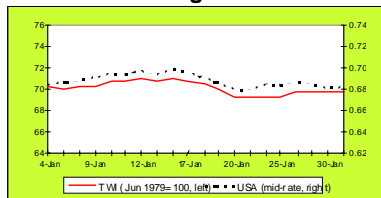
Building Consents



Source: Dept of Statistics Building Surveys and Vitals Section

The annual average growth rate in the number of new residential building permits issued in New Zealand was -16.3% for the year to December 2005.

Exchange Rates



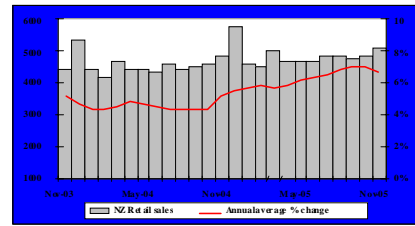
Source: Reserve Bank of New Zealand

The value of New Zealand dollar continued to depreciate against the value of our major trading partners’ currencies during the first half of January 2006.

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National Monitor

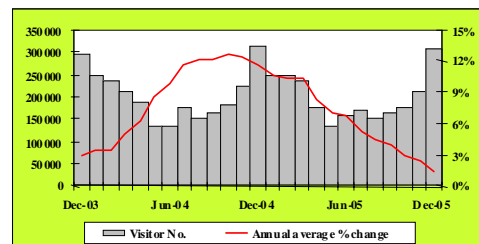
Retail Sales



Source: Business Statistics Section, Statistics New Zealand

National retail sales activity remained buoyant in November 2005. The value of sales totalled \$5,110.6 million during the month, up from \$4,895.5 million in October, and an increase of \$267.1 million (or 5.5%) compared to November 2004. The annual average growth rate in the value of national retail sales was 6.7% for the year to November 2005.

International Arrivals



Source: Statistics New Zealand

December is a peak season for the New Zealand’s international tourism market. This was true for December 2005 when 307,100 short-term overseas tourists entered the country. Visitor numbers decreased by 5,957 (or 1.9%) on the number recorded in December 2004. The annual average growth rate in the number of international visitor arrivals to New Zealand was 1.5% for the year to December 2005.

Summary

Following flat GDP growth in the third quarter of 2005, the latest CPI figures suggest that inflation is beginning to abate. According to the New Zealand Institute of Economic and Research [NZIER], business confidence fell in the December 2005 quarter. A net 61% of firms expect general economic environment to deteriorate over the next six months. This is nearly double the number of firms who took a similar view in the previous quarterly NZIER opinion survey. This result was the most pessimistic since the March quarter of 1986.

The manufacturing sector was the most affected with a net 69% of firms expressing a negative opinion. Merchants were the least negative with a net 51% of firms feeling dismayed about the state of the economy compared with a net 26% who expressed a negative opinion in the September quarterly survey.

Firms’ investment intentions decreased from a net +3% in the previous survey to a net -15% in the latest survey. While firms are having difficulty finding employees, the ease at which they are able to find labour has improved. A net 33% of firms in the December quarter of 2005 reported having difficulty finding skilled labour compared with a net 61% in the same quarter last year. For unskilled labour a net 17% of firms had difficulty versus a net 40% in the December quarter of 2004. A net 4% of firms intend to reduce staff over the next three months whilst a net 5% have increased staff over the last three months.

Changes to the 2006 Westpac Business Excellence Awards entry format.

The Rotorua Chamber of Commerce has announced a number of exciting changes to the entry format of the 2006 Westpac Business Excellence Awards.

"We are wanting to make the Awards as accessible and as simple to enter as we can," states Roger Gordon CEO of the Chamber. "The key change is the introduction of an additional entry format. For the first time, any business can nominate another business or organisation they feel should be acknowledged for their business performance."

A nomination form has been released by the Chamber and will allow any business the opportunity to nominate up to three organisations in any of the six business categories: Retail; Hospitality and Attractions; Manufacturing and Trade Service Provider; Community Organisation; and Emerging Business.

Nominations will be received at the Chamber's offices by mail, fax or email until 30 April. Those companies that receive the highest number of nominations by their peers will be approached by the Chamber to submit a formal entry. Organisations will also be able to submit an entry for their organisation as they have in previous years.

The entry process will commence on 1 May and close on 7 July giving nine weeks for the preparation of entries. The entry process has also been simplified and will be available in electronic format on the Chamber's website.

"Business people are busy, and time is a very scarce resource. The new format will remove the need to spend a lot of time on presentation. Entries will be judged on their content, and not on time-consuming and expensive designer-layouts" says Roger Gordon.

The entry format, in a Word document, will be available on the Chamber's website www.rotchamber.co.nz from the end of February. The entry form can be submitted in hard copy or electronically. As with previous years, all entrants will be visited by a pair of experienced judges with the finalists being announced on Monday, 4 September.

"We are really pleased with the changes we have made this year," concludes Roger Gordon. "The awards will now be accessible to all businesses large or small, and the pre-entry nomination process will involve the whole business community in the recognition of excellence." (attachment – 2006 Westpac Business Excellence Awards nomination form)

For more information:

Roger Gordon, CEO, (07) 349 8333 or 0275 381228
Dr Margriet Theron, President, 07 3477211 or 021 1729697

Sustainable business challenge event popularity grows



The fourth Environment Bay of Plenty Sustainable Business Challenge is set to become the biggest business awards event in the Bay. Forty nine businesses took part in 2005 and that number looks certain to grow as businesses tackle pressing sustainability issues such as rising fuel costs, staff retention and productivity, supply chain management and energy efficiency.

The Sustainable Business Challenge was launched throughout the Bay of Plenty between February 23rd and 24th with events in Tauranga and Rotorua. The awards, organised by the Sustainable Business Network (SBN), are like no other business awards – evaluating and educating businesses about their sustainable economic, social and environmental development.

SBN regional manager Calum Revfem explains that there are some exciting developments this year including an on-line web tool for second time entrants to update their sustainability profile. "We've removed all the barriers to entering the awards programme – it's time efficient, cost effective and provides clear feedback on improving sustainable performance." First time entrants are taken through an on-site interview process and their entry is prepared for them to sign off.

A key feature of the whole process is the focus on educating and supporting businesses to make sustainability improvements. The criteria by which businesses are assessed are linked to a comprehensive range of sustainable business tools and resources – all of the resources are available on line and are complemented by SBN's event and workshop programme. Judging feedback presents businesses with a tailored set of sustainability challenges to address in the coming year. At the awards businesses are recognised for the progress they make as well as the level they attain.

The Sustainable Business Challenge awards gala will be held on Thursday 1st June at the Heritage Hotel in Rotorua.

Contact

Calum Revfem, Regional Manager, Sustainable Business Network (BOP)

E calum@sustainable.org.nz

T 07 5759266 F 07 5754877 M 021 499177

www.sustainable.org.nz



"Main" Thought

Look after your customers

Every year, the average firm loses 20-40% of its customers. And when a long time customer defects, the negative effect on profit is substantial. This profitability deficit cannot be recovered by simply recruiting a new customer.

Lost revenue is not the only problem – you are also losing goodwill. Each lost customer is a potential ambassador of bad news – acting as a bad virus in your market place.

Lost customer studies defections include – complaints not handled, competitors offering better value, relocation changes, vendor choice. But the primary reason comes under the "no special reason" heading. Analysed, customers have left through benign neglect. You failed to tell them you cared. You failed to keep in touch. You took them for granted. The bottom-line – you made it easy for them to walk away.

Message: Take measures to demonstrate to parted customers they are missed and you care for their return.

Long term customers deserve high priority, and if you lose one of them, you must take action to get them back.

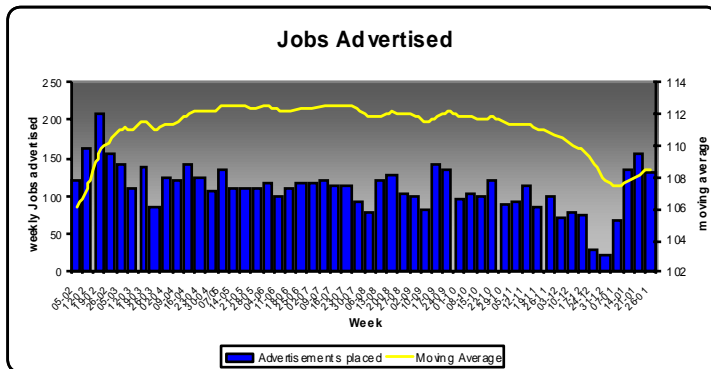
Source: *The Main Report*

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



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Employment Advertisements



Source: Economic Development monitoring of Saturday Daily Post

Employment advertisements remained relatively high at an average of 123 positions advertised for January 2006. The main sectors remain Agriculture/Forestry, Retail, Accommodation and Health. Both the Health and Agriculture/Forestry sectors were higher in Jan 2006 than in Jan 2005 and also higher than the 12 month average

	Jan 05	Jan 06	Avg
Agriculture	16	18	16
Retail	30	20	14
Accommodation	17	17	13
Health	12	15	11
Other	63	54	56
	138	123	111

Average jobs advertised weekly in the Saturday Daily Post

Rotorua Business SWAP Big Breakfast-

Global Vision Conference 08 March



Breakfast with 'Doug the Digger' creator Alistair McIntyre, Founder of the Having Fun Company.

Hi, I'm Alistair McIntyre.

In association with a team of multi-talented individuals, I formed the Having Fun Company mainly to entertain, inspire and educate kids through my life experiences.

You only have to look at a busy sandpit to see that children really relate to my love of machinery, the challenge of completing a project and pride in maintaining a high standard of work.

I've also had to overcome obstacles and challenges, including a serious work accident that really changed how I look at life. I wouldn't really describe myself as a scholastic person, so creating the "Doug the Digger" book was another challenge that provided me with the opportunity to face my own fears and find the courage to turn my dreams into reality. This has been one of the most rewarding experiences of my life. Seeing the satisfaction on children's faces as we enjoy "Doug The Digger" together is

just incredible. Comments like this one from Robert of Raurimu Avenue School "You made me realise that reading is fun and to give it your best try" are simply priceless. We really are learning and "Having Fun" together.

Wednesday 01 March 2006

Royal Lakeside Novotel

6.50am for a 7am - 9am

\$20.00 members

\$30 non members

Enquiries: Raewyn

telephone: 07 348 0234

Registration@businesswap.biz

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Looking for skilled staff? Advertise on www.rotorua-business.com/employment.asp 5

Our Forest Industry Exhibitions (08-11 March 2006) traditionally get off to a thought-provoking start with the major industry conference – FI2006 will be no exception.

Organised by *Inwood Magazine*, the official media partner to FI2006, publisher Tony Neilson says *GLOBAL VISION 2006: The international wood conference that will change the way you think!* will be the most important international wood industry conference in New Zealand and Australia during 2006.

"This conference will bring a new sense of energy and perspective to the way the New Zealand wood industry approaches its future – with a particular emphasis on marketing, product development, design and outstanding leadership.

"We have sourced dynamic international and local speakers, leaders from within and outside the industry – people who can showcase what has been achieved in their respective countries and industries, and who can talk with passion and pragmatism about the big issues and the opportunities," says Neilson. Keynote speakers will include Bo Borgström, chairman of CEI-Bois, the European confederation of woodworking industries.

Another keynote speaker will be Charles Trevor, head of the UK "Wood For Good" programme. Wood for Good is a generic wood promotion campaign which started in 2000.

It is now the largest timber promotional campaign ever undertaken in the UK, combining information, education, trade marketing, industry representation, advertising and public relations.

Information:

Vivienne McLean

email- mclean.temple@xtra.co.nz ph: 07 866 5776

RDC Planning Services

Our **Team Leader, Customer Services**, Rick Dunn's, role is to develop excellent customer relationships and networks for Planning Services. Rick 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

Business Mentors New Zealand in Rotorua

Business Mentors New Zealand 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



Business Mentors
New Zealand

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.

Become involved !!!

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

Strictly Business

Subscribe to our free monthly newsletter containing a Rotorua economic monitor, business news & events



www.rotorua-business.com

Log on to www.rotorua-business.com and take a look at the official Rotorua living, working, investing and doing business site generating around 70,000 hits and 9,000 visits per month. Enhance your business communication strategy by registering on the Rotorua business database or list your latest job vacancy.



Rotorua "where life is for living" publication

Call us to purchase a pack of 10 for \$20.00.

2000 copies have already been utilised this year in assisting local companies with their employee, investment and business attraction to Rotorua efforts.



For more information : Visit our Web Site www.rotorua-business.com or contact us
Tel 348 4199 Ext 8055 or e-mail info@rotorua-business.com

Rotorua Events Calendar

Big SWAP Breakfast

Wednesday 01 March 2006

Royal Lakeside Novotel

6.50am for a 7am - 9am

\$20.00 members

\$30 non members

Enquiries: Raewyn

telephone: 07 348 0234

Registration@businessswap.biz



NZ Forest Industries 2006 International Exhibition

Rotorua Arawa Racecourse Fenton Str

Rotorua

Thursday March 9 - Saturday March 11, 2006.

Contact Dell Bawden

Ph: (07) 362 7865

email: office@bawden.co.nz

Web site: <http://www.forestevents.co.nz/index.htm>

Raising Capital to diversify or commercialise:

Thursday, 16th March 2006

Venue: Rotorua Business Hub

1209 Hinemaru Street

Rotorua

Presenters include: UDC Finance, Escalator Programme, Ice Angles and ANZ Equity.

All details available

via: <http://www.exportbop.org.nz/events.html>

Joanne Buxton 07

Enterprise Training Schedule

10 March 2006 "Ecommerce Planning" - General

10 March 2006 "Business Planning" - Education

21 March 2006 "Managing Finances For Profit" - Education

29 March 2006 "Managing Relationships & Art Of

Networking:" Tourism

For more information contact

Bruce Cheeseman - Tel 07 3490418

e-mail: bruce.cheeseman@paradise.net.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

Register on www.rotorua-business.com
www.rotorua-business.com/employment.asp

Supplementary Building Information

ROTORUA January 2006

Type of Consent	Value of Consents	Number of Consents
Commercial / Other	\$208,000	6
Community Buildings / Other	\$73,125	3
Domestic / Single Dwelling	\$3,807,805	14
Domestic / Garage	\$9,500	1
Domestic / Other Structure	\$64,500	5
Domestic / Other	\$733,229	24
Domestic / Re-site	\$49,000	2
Domestic / Pools	\$11,000	1
Domestic / Conservatory	\$19,585	2
Domestic / Demolition	\$1,000	2
Education / Other	\$223,150	7
Farm Buildings / Other	\$115,404	6
Minor Work / Heater	\$20,849.50	7
Minor Work / Plumbing	\$5,000	2
Minor Work / Other	\$19,800.00	6
Outbuilding / Garage	\$99,400	5
Outbuilding / Sleep-out	\$25,000	1
Outbuilding / Carport	\$4,800	1
Outbuilding / Other	\$20,000	2
Total	\$5,510,147.50	97

SOURCE: Application Status Report, 01 January 2006 to 31 January 2006, Rotorua District Council.