

# Taranaki Business Survey

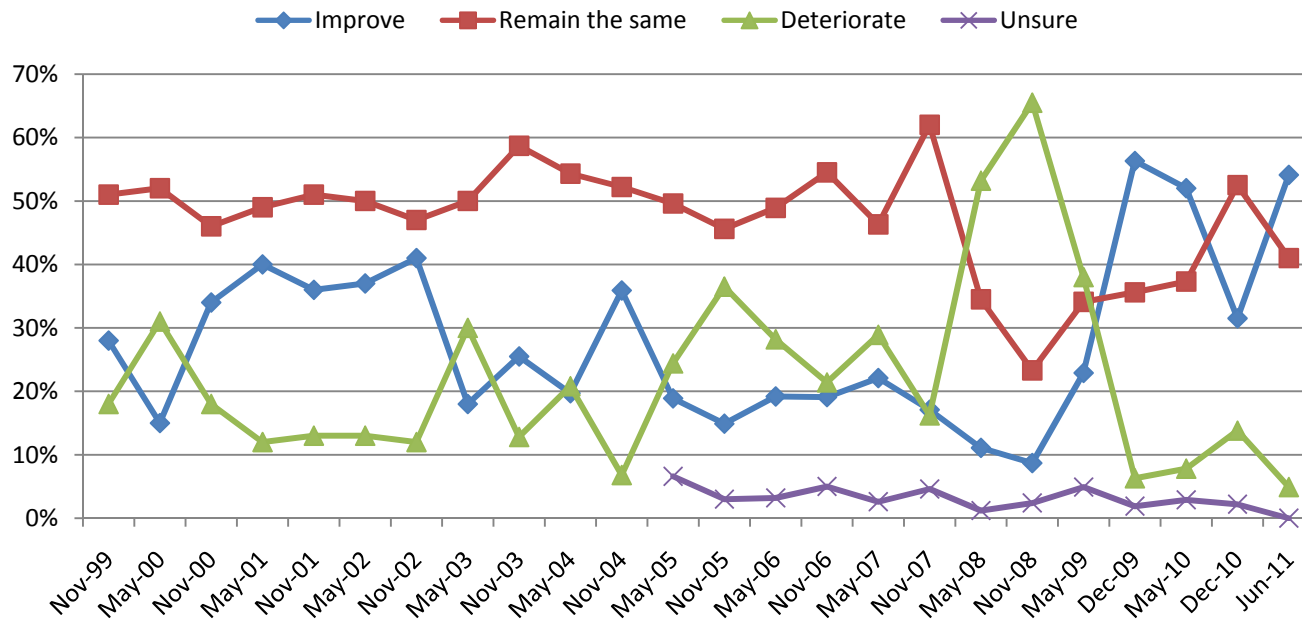
RESULTS OF THE JUNE 2011 SURVEY

# Taranaki Business Survey

- Monitors economic confidence by Taranaki businesses and their views on key business issues.
- Survey undertaken by Venture Taranaki 6-monthly for over 10 years.
- Survey sent digitally to 1000 Taranaki businesses
- Cross section of industry type, location and size.
- Standard economic questions and special topics:
  - **Tertiary training** – use by Taranaki businesses for professional development
  - **2011 Budget** – Taranaki business response

# NZ-wide economic conditions next 12 months

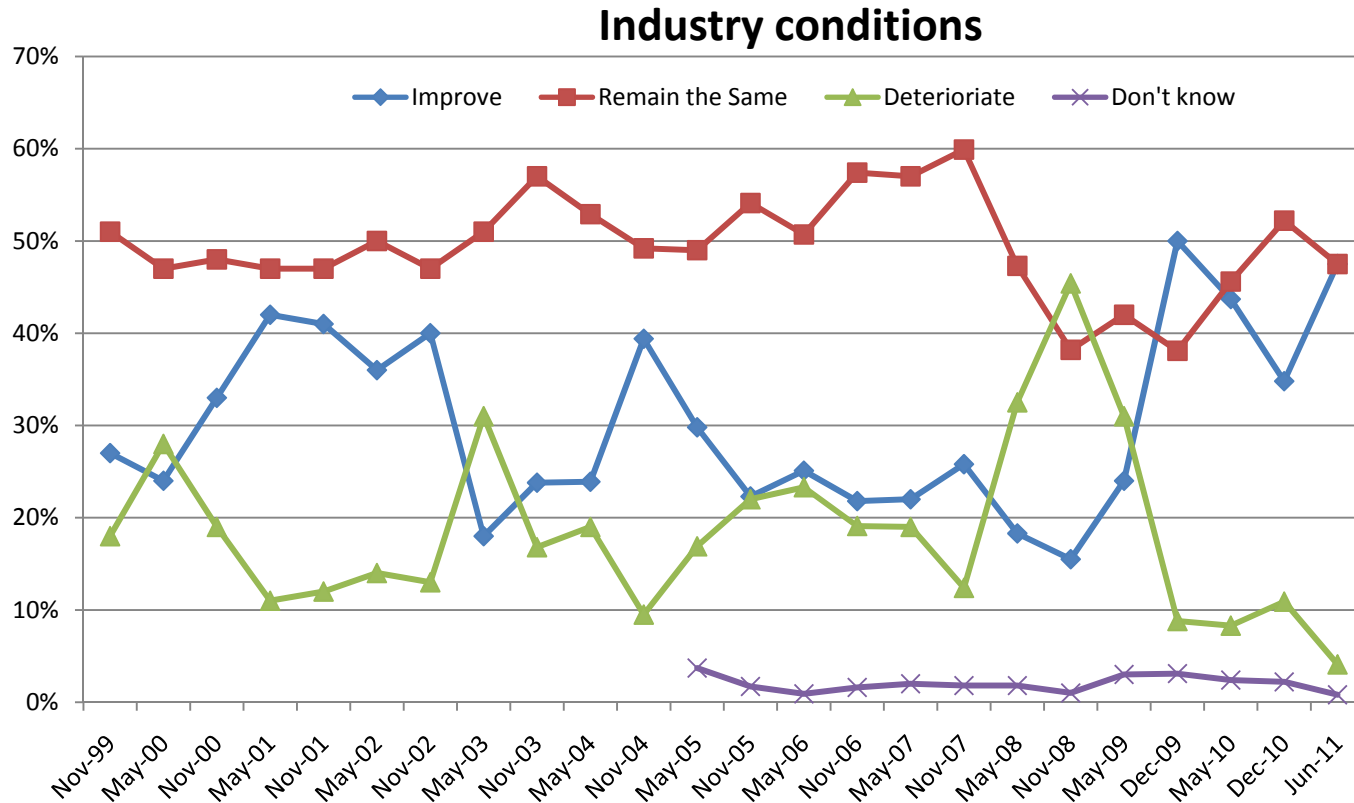
NZ Wide Economic Conditions



Taranaki businesses are showing signs of more optimism.

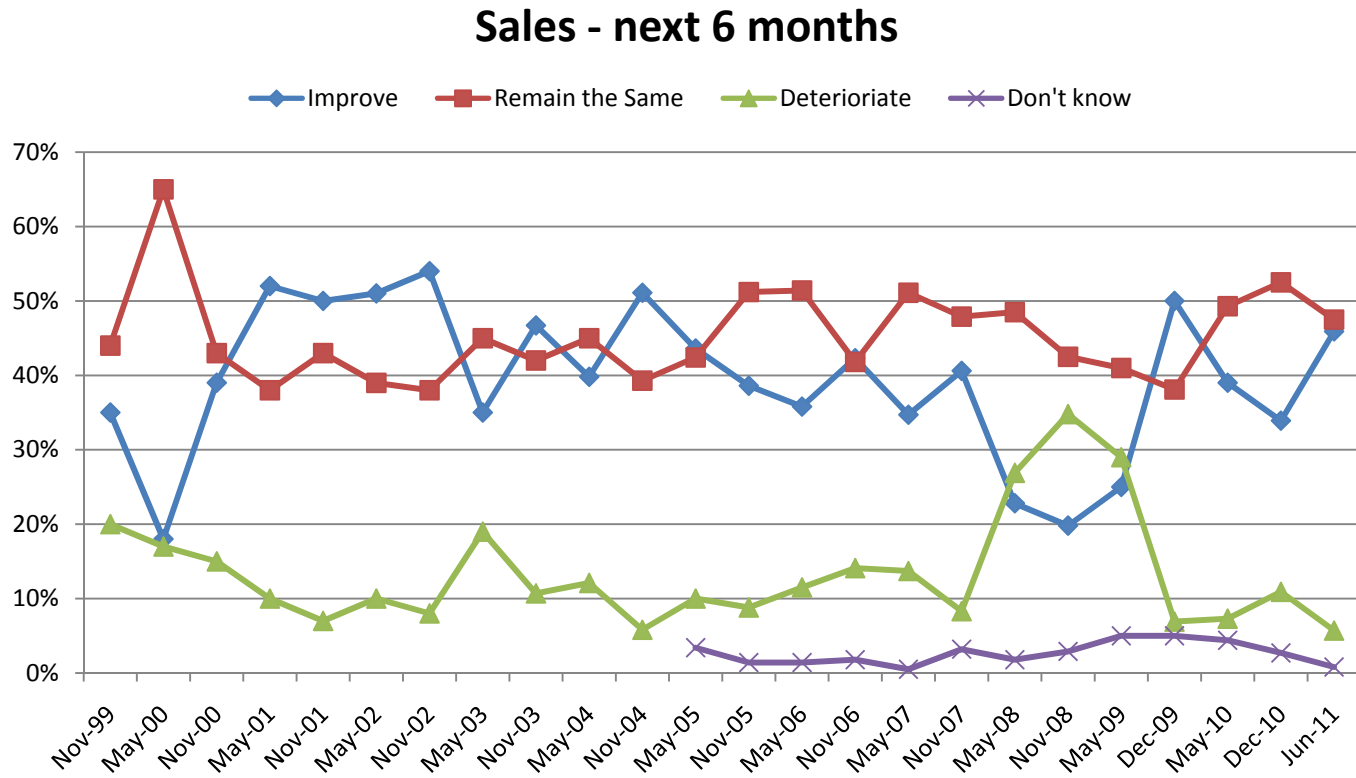
- More predict improvement (54% up from 32%)
- Many anticipate status quo (41% down from 53%)
- Less predict deteriorating economic conditions (5% down from 14%)

# Industry conditions: next 12 months



Businesses are becoming slightly more bullish about confidence within their own industry sectors.

# Sales – next 6 months

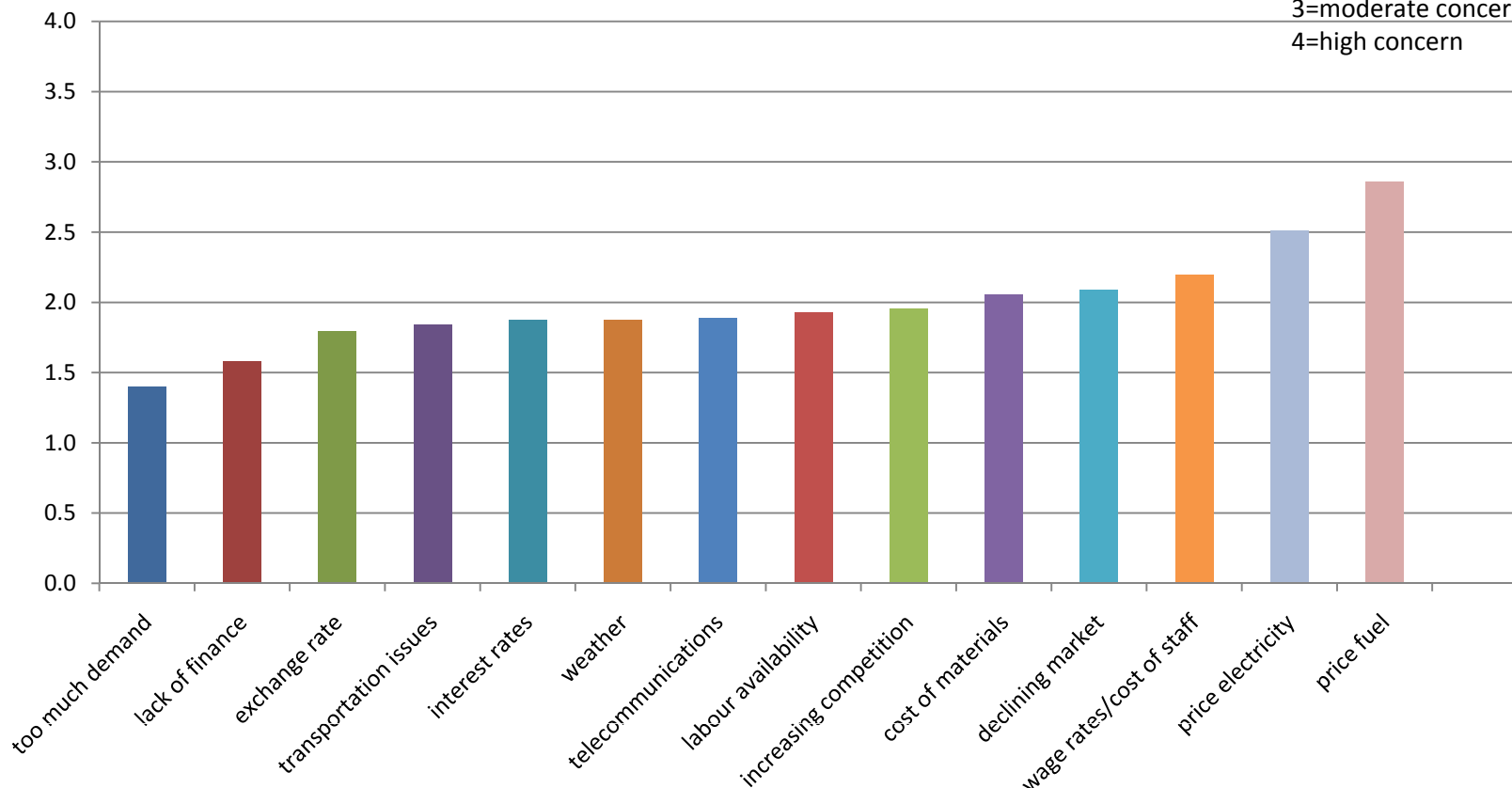


- Sales in the next 6 months may be brighter.
- 46% believe sales, customers or bookings will increase
- Many anticipate status quo.

# Taranaki Business: concerns

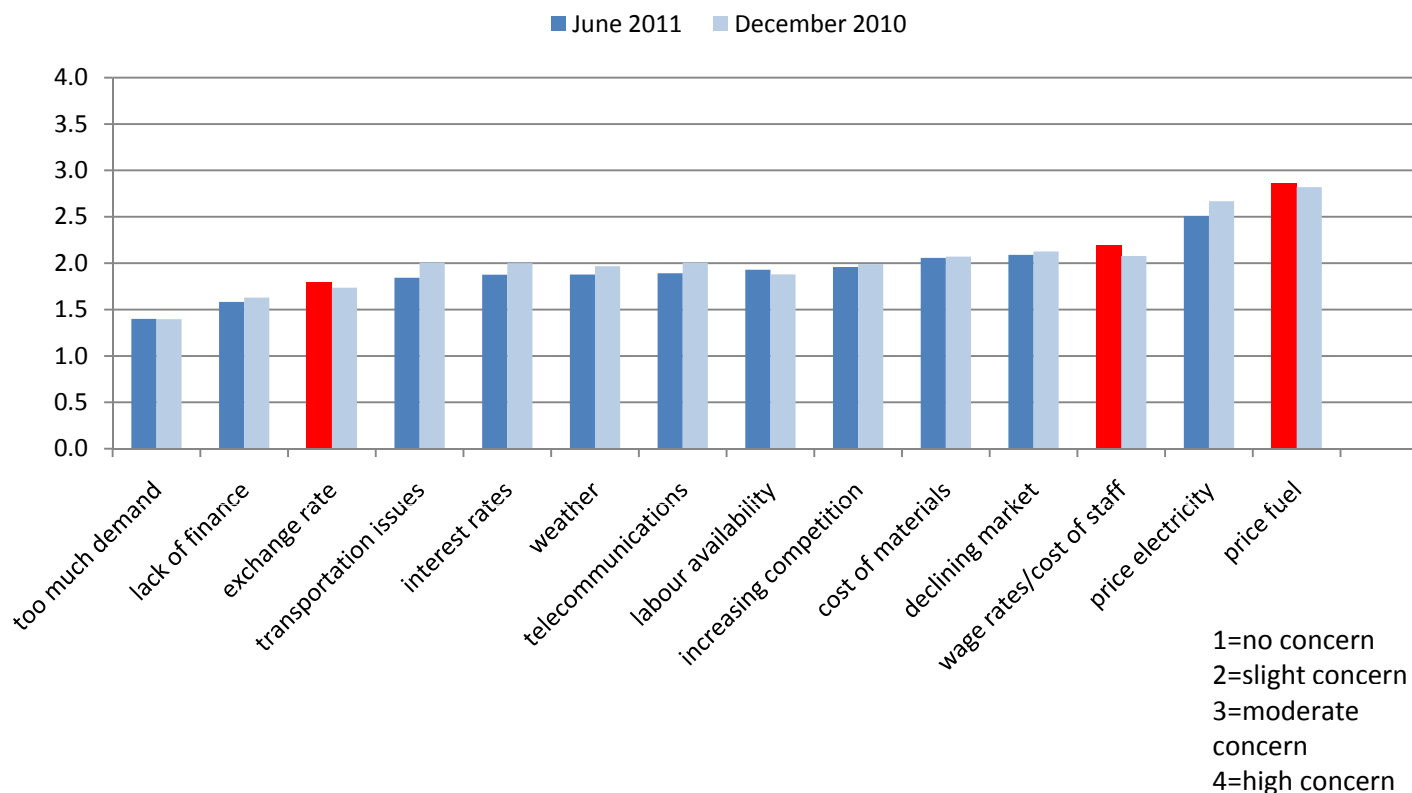
## Factors of Concern to Taranaki Business

1=no concern  
2=slight concern  
3=moderate concern  
4=high concern



# What's changed?

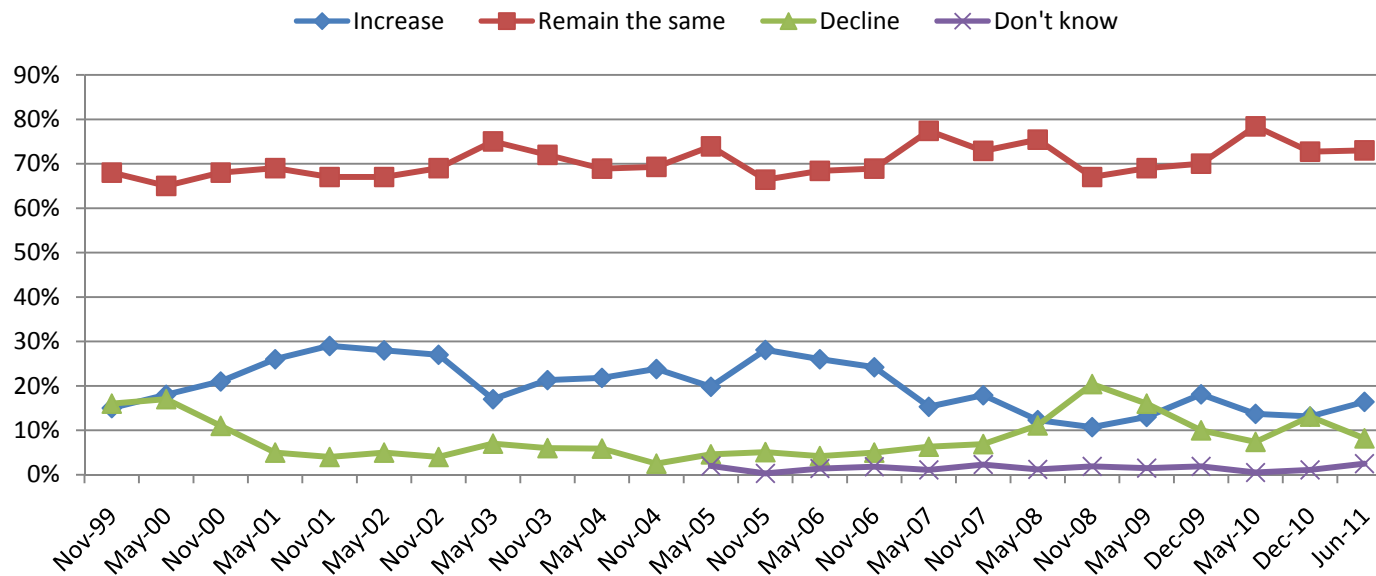
## Factors Impacting Business - June 2011 V December 2010



Outcomes similar to last survey – but cost of **fuel** and **wage rates** of greater concern to Taranaki businesses, as well as increasing concerns about the **exchange rate**.

# Employee numbers – next 6 months

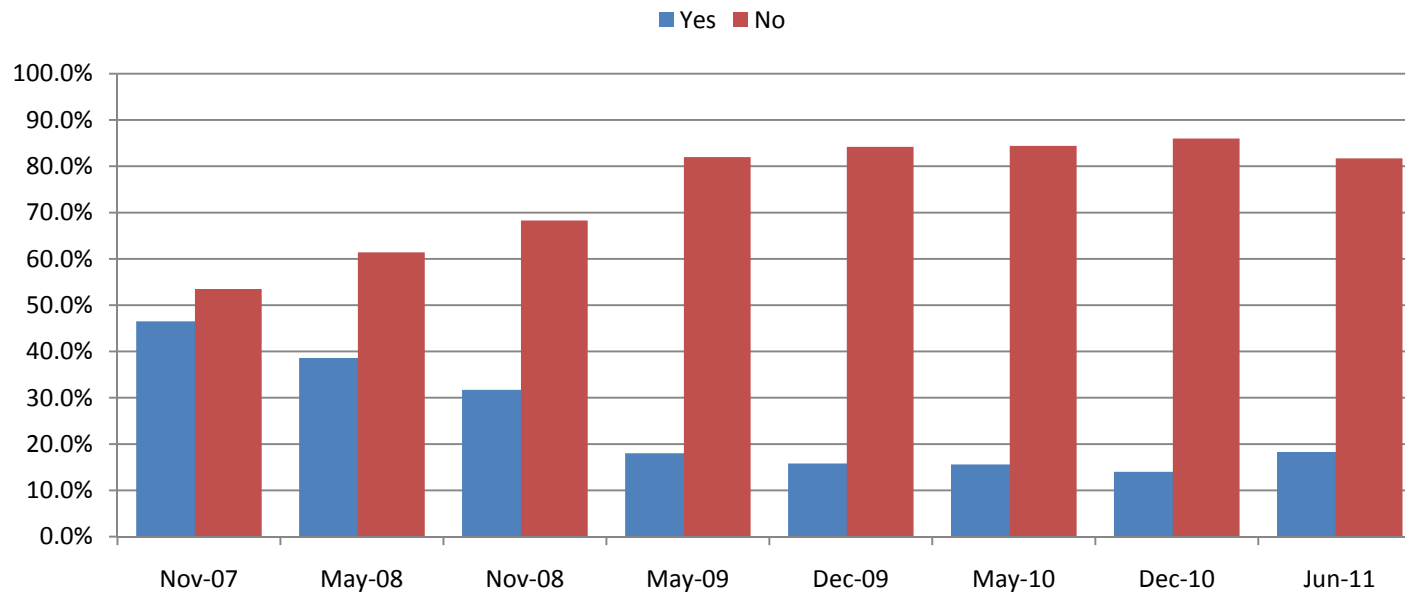
Employment - next 6 months



- 16% say they will need more staff in the next 6 months.
- The possibility of staff reductions was expressed by 8%.
- The majority (73%) anticipate staff will remain at current levels.

# Skill shortages or difficulty hiring?

## Are you experiencing skill shortages?



- Skill shortages have increased marginally.
- However 82% stated no significant skill shortages or difficulties finding appropriate staff.



**Special Topic: Professional training –  
use of tertiary institutions**

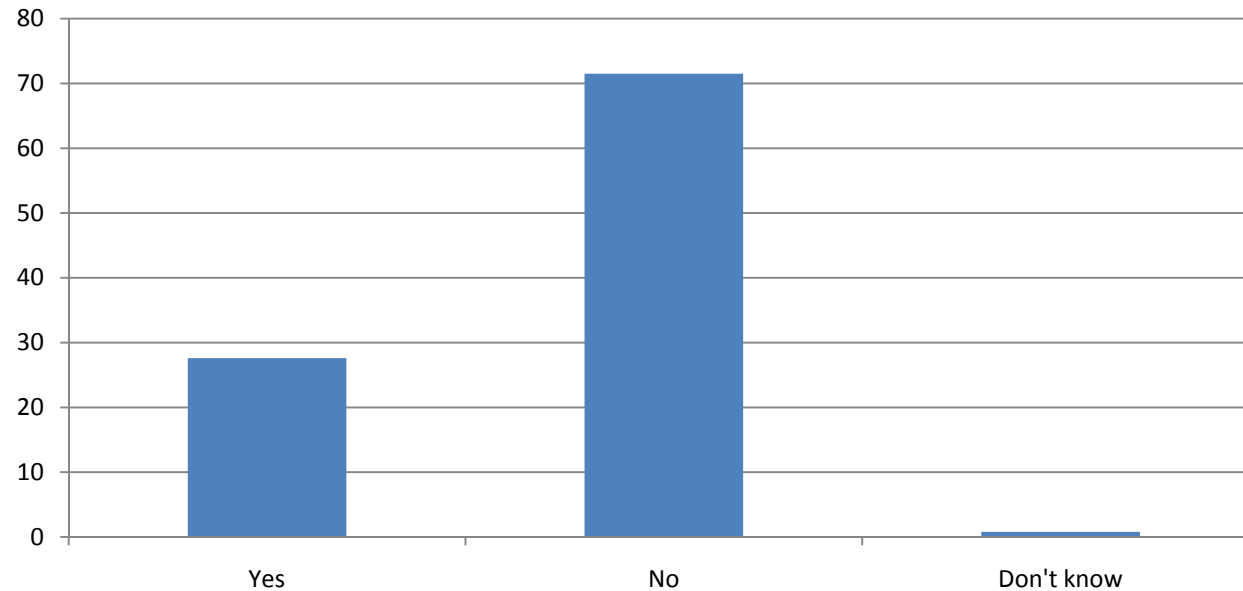
# Special topic: **Professional training & use of tertiary facilities**

## Employers were asked:

- Whether their business used a tertiary education provider to assist with staff professional development
- If so – who had they used in the last 3 years?
- Would they use or recommend Tertiary providers based in Taranaki for business professional development

# Use of Tertiary Providers

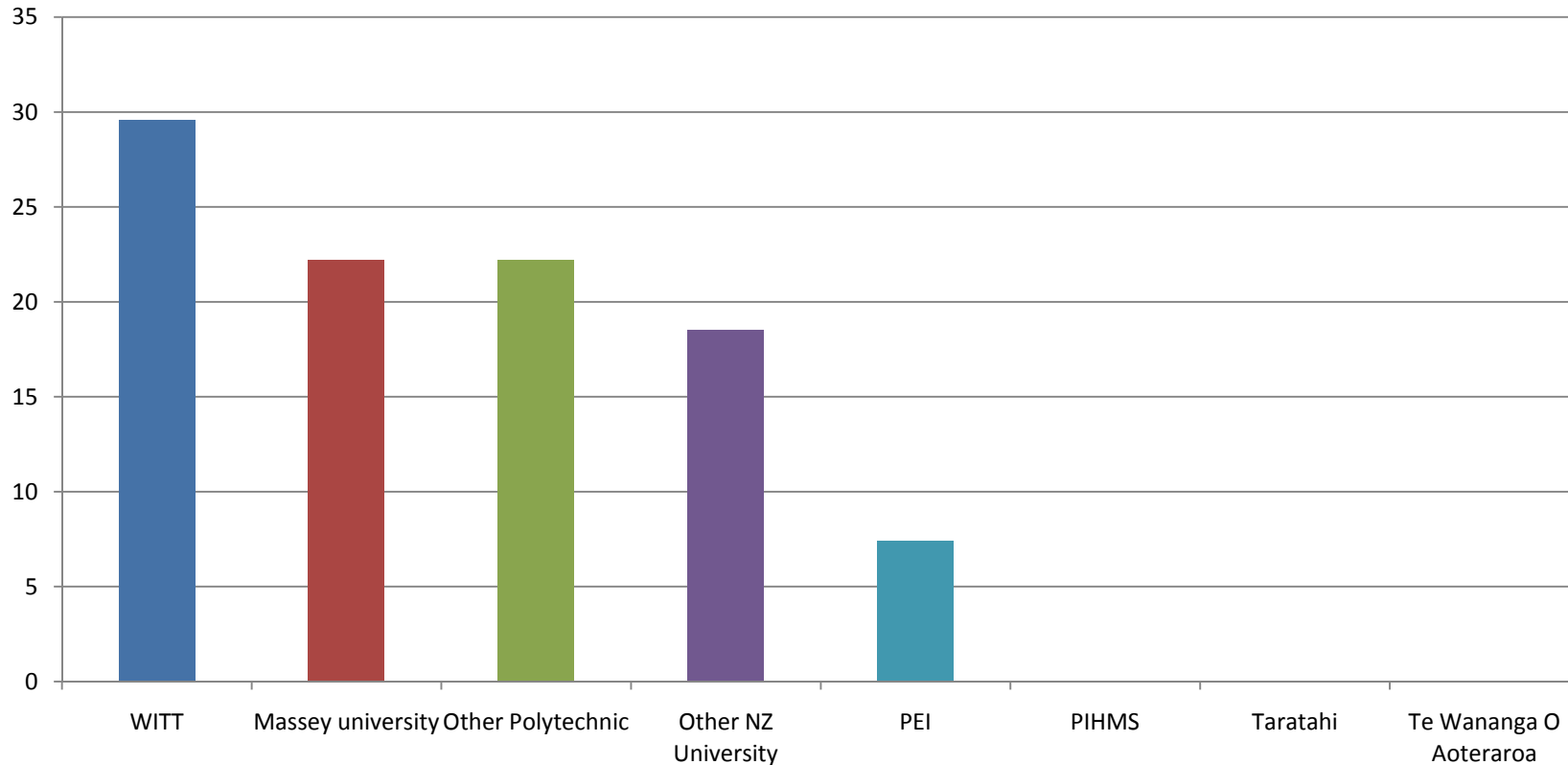
Does your business use a tertiary education provider to assist with staff development?



Most respondents (72%) **did not** use tertiary providers for professional staff development

**28% did** use a tertiary provider

## If yes - which tertiary providers have you used within the last 3 years?

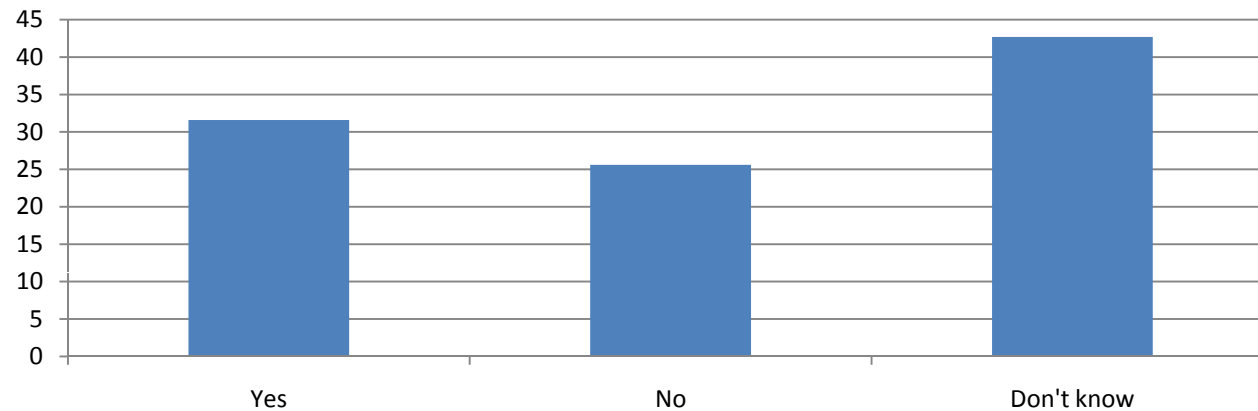


**WITT** was utilised by **30%** of respondents

**Massey University** and **'other Polytechnics'** (ie other than WITT) were used by **22% each**  
**18% of respondents** used **'other Universities'** (ie than Massey University).

# Local Tertiary Recommendation?

Would you use or recommend tertiary providers based in Taranaki for business professional development?



**YES: 32%**

**NO: 26%**

**DON'T KNOW:  
42%**

# Comments

- **Reasons for Use/Recommend local tertiary providers**
  - Offer a wide range of general courses
  - Good stepping stone
  - Convenience
  - Support local
  - Short, reasonably priced, effective courses
- **Reasons for not using local tertiary providers:**
  - Require specialist training providers/courses geared to specifics of industry
  - Use specialist training provided nationally – e.g. Industry ITO
  - Have national purchase arrangements already in place
  - Professional training needs not met locally
  - Cost
- **Don't know**
  - Haven't used them so can't recommend
  - Don't know what's on offer
  - Haven't thought about it

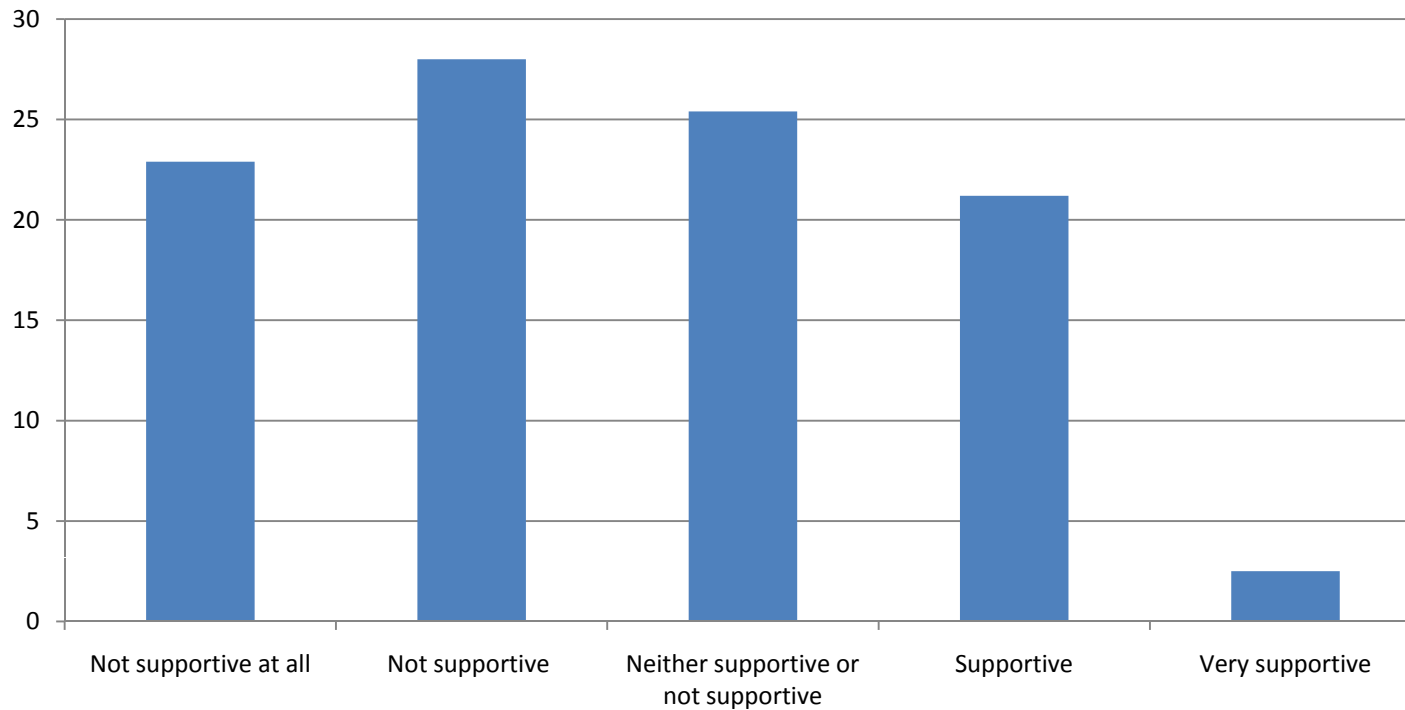


# Special Topic: Budget 2011

# Budget 2011 announcements

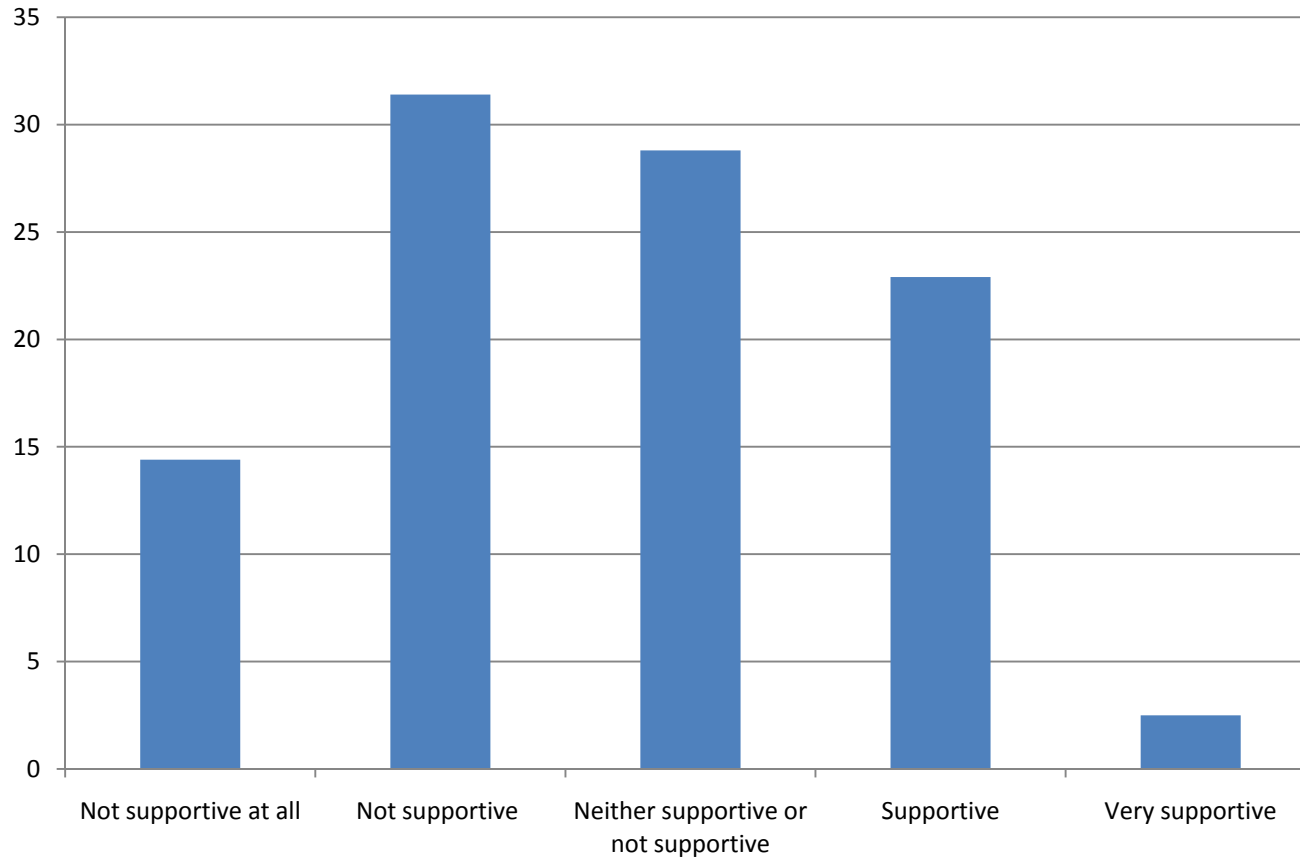
- Raising KiwiSaver compulsory employer contribution to 3%
- Reducing tax credit from KiwiSaver employer contributions
- Changes to Working for Family Package
- Tightening student loan eligibility and shortening the repayment holiday for borrowers based overseas
- Funding for more trade and service academies
- Increased ultra-fast broadband for schools
- Greater private ownership of Air New Zealand and energy companies
- Spending reduction by public sector of \$980 million over 4 years.

## Raising KiwiSaver Compulsory Employer Contribution to 3%



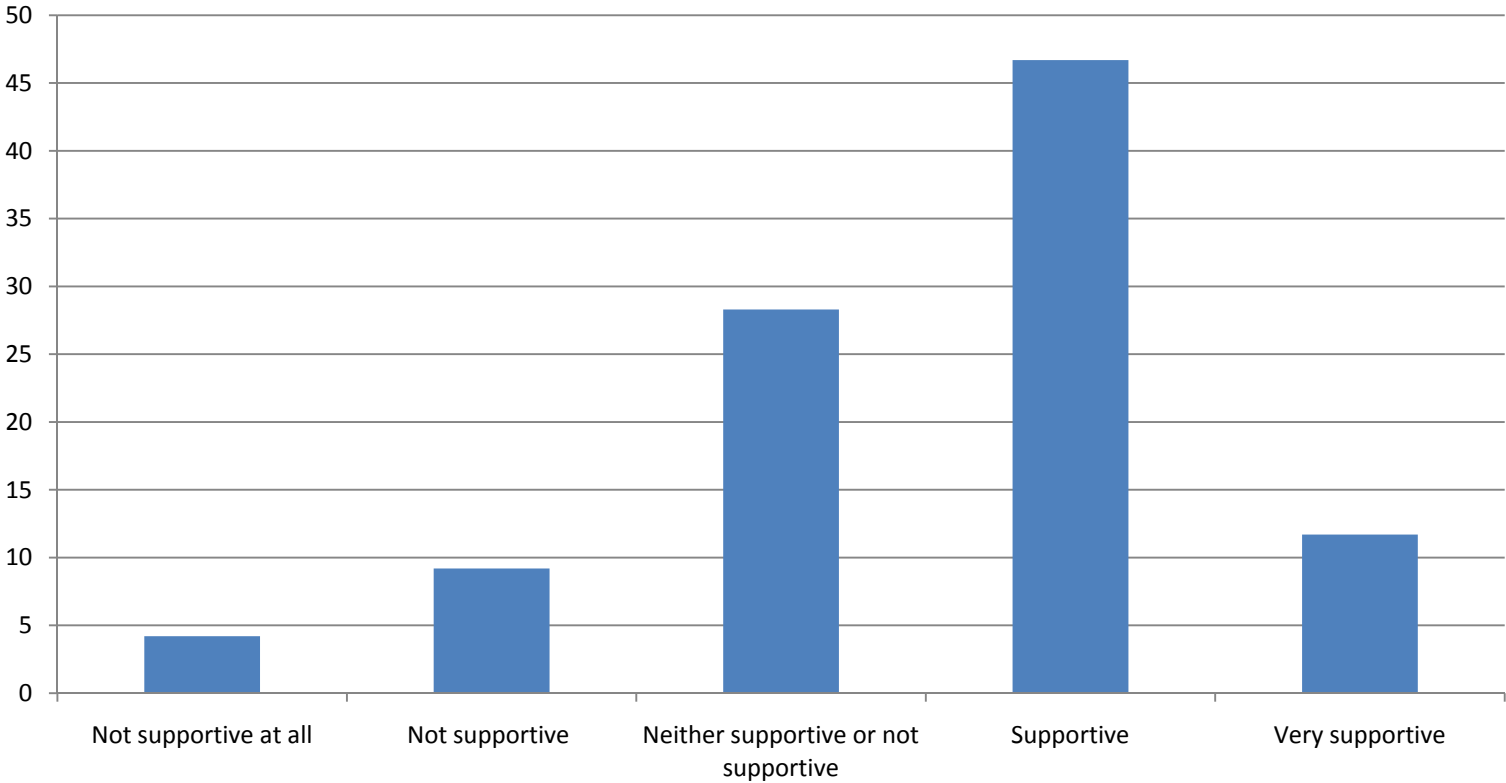
- **Over 50%** of Taranaki businesses were **NOT** supportive of this development

## Reducing Tax Credit from Kiwi Saver Contributions



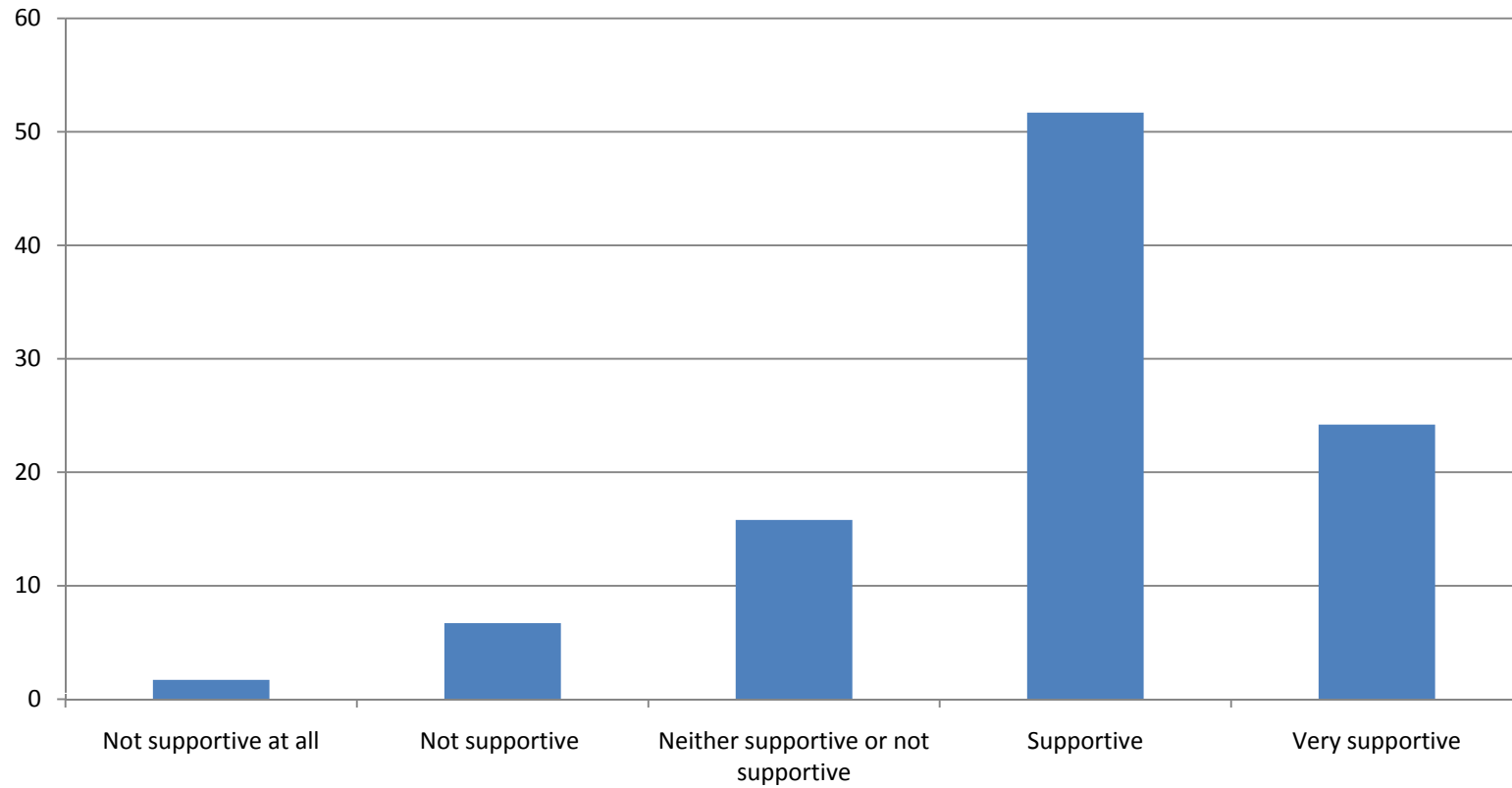
**46%** unsupportive  
**25%** supportive  
**29%** neither

# Changes to Working for Families package



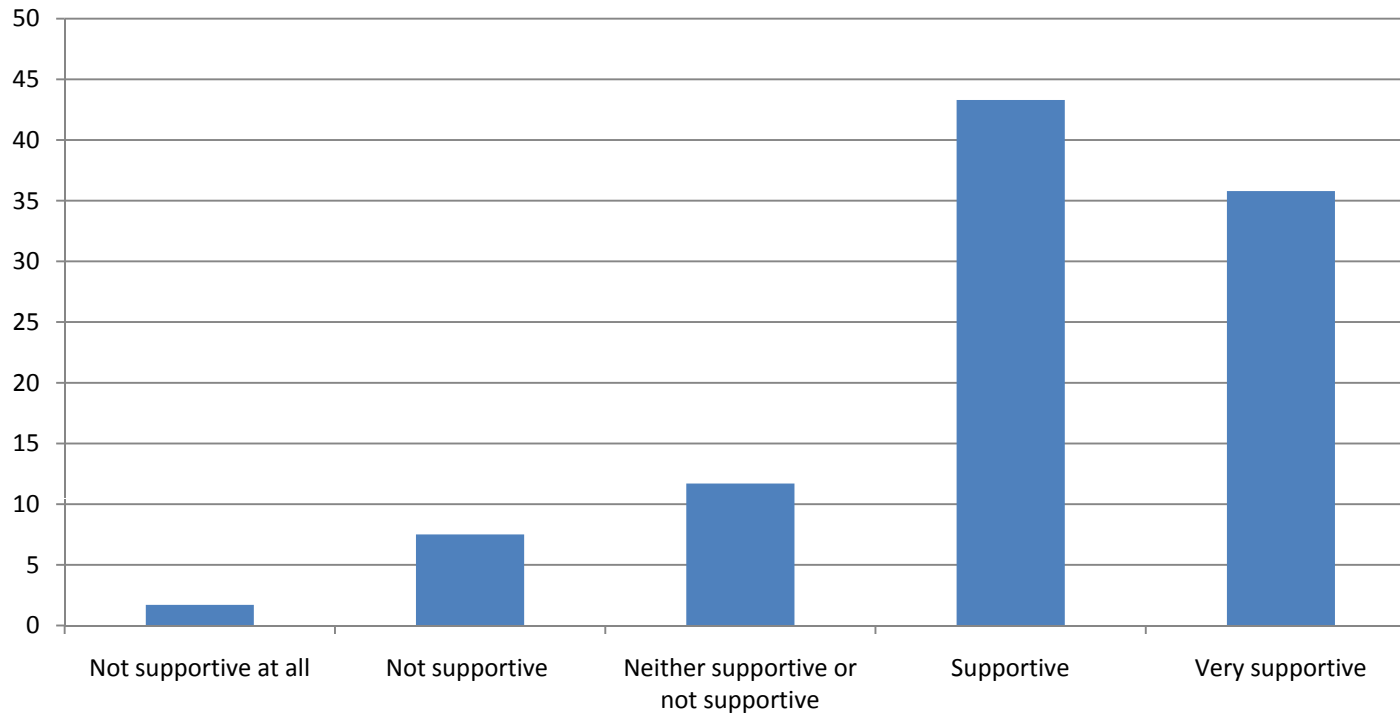
**58% respondents supportive**

## Tightening Student Loan Eligibility



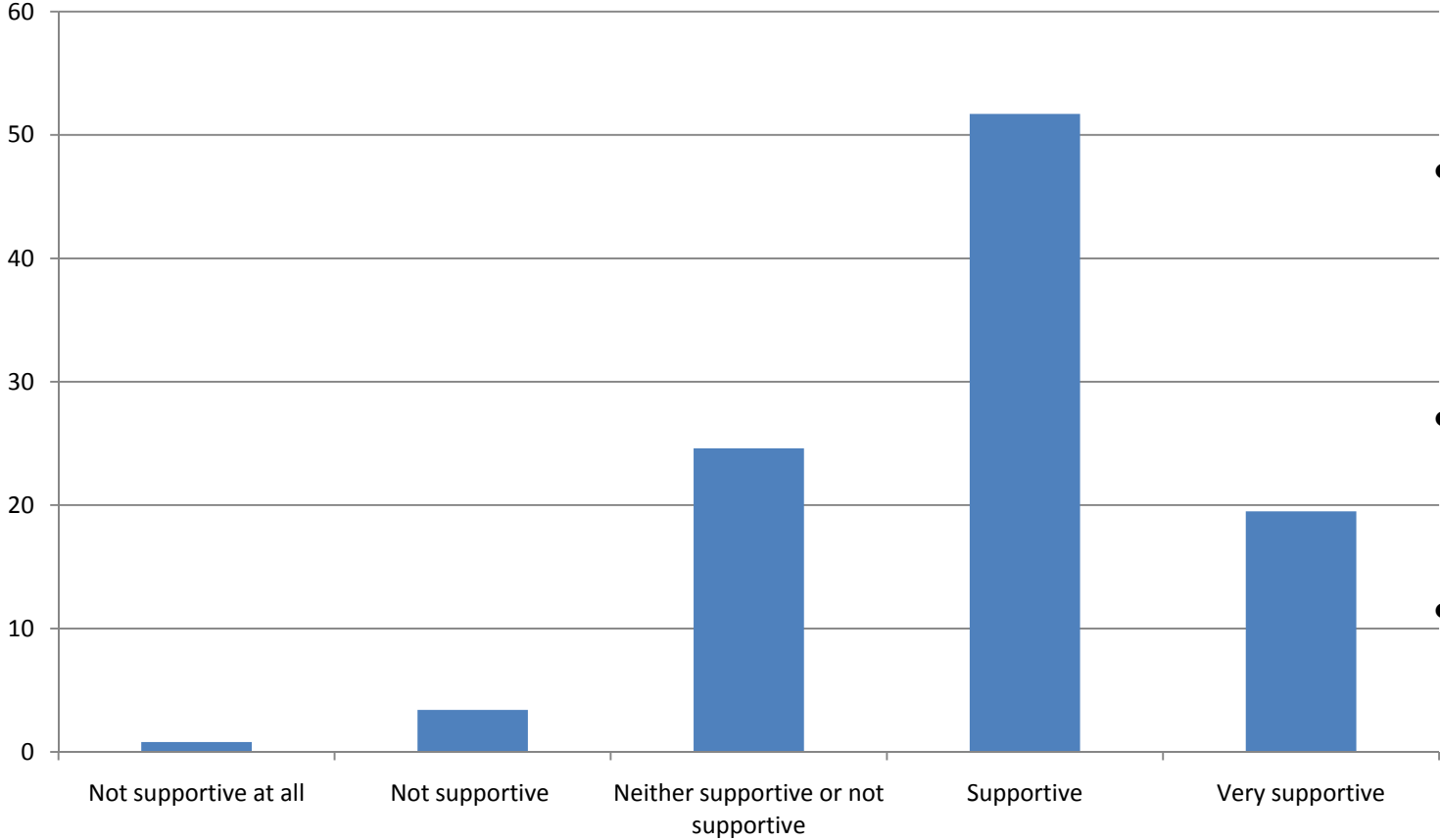
- **76% supportive of this budget initiative**

## Shortening Repayment Holiday for Student Loan Borrowers Based O/S



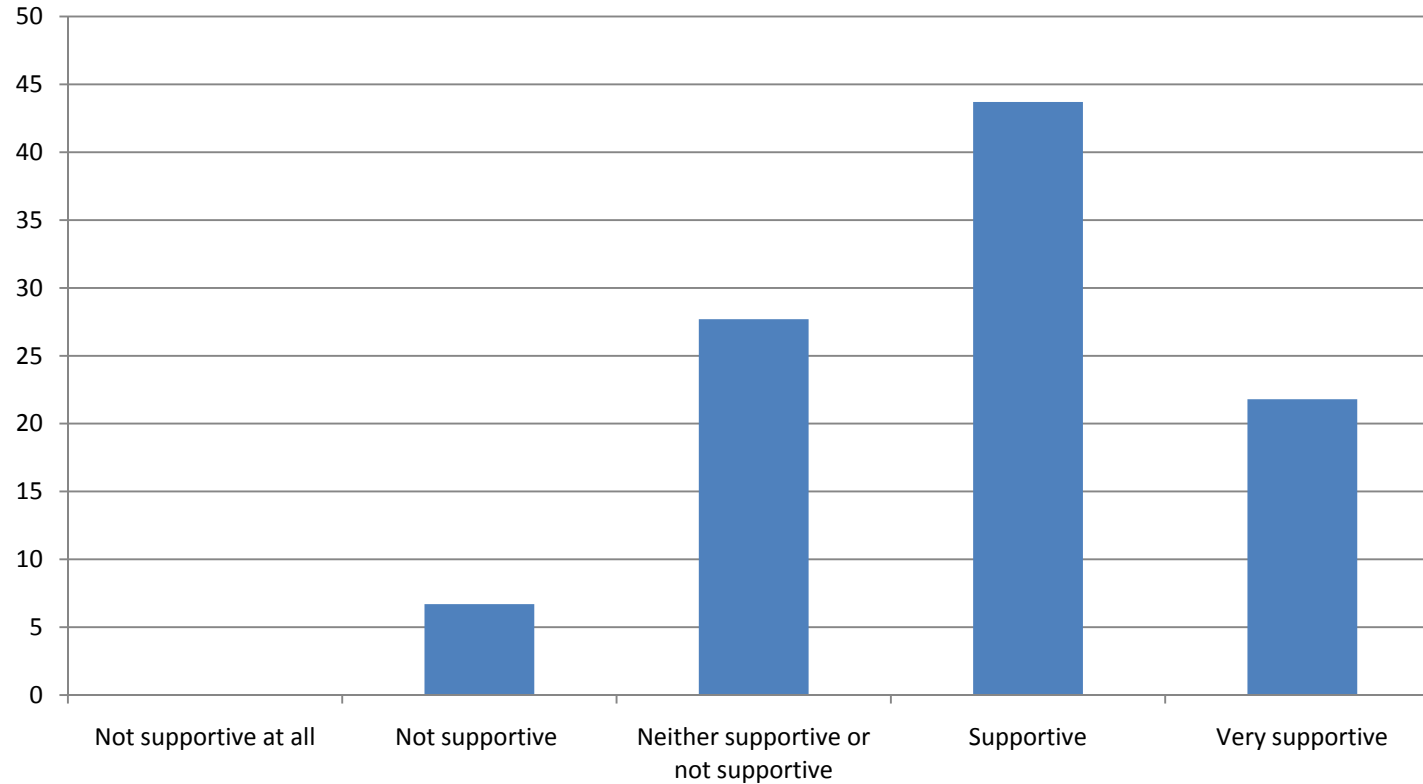
- Significant support for this budget initiative
- **43%** supportive
- **39%** very supportive

# Funding for more Trade & Service Academies



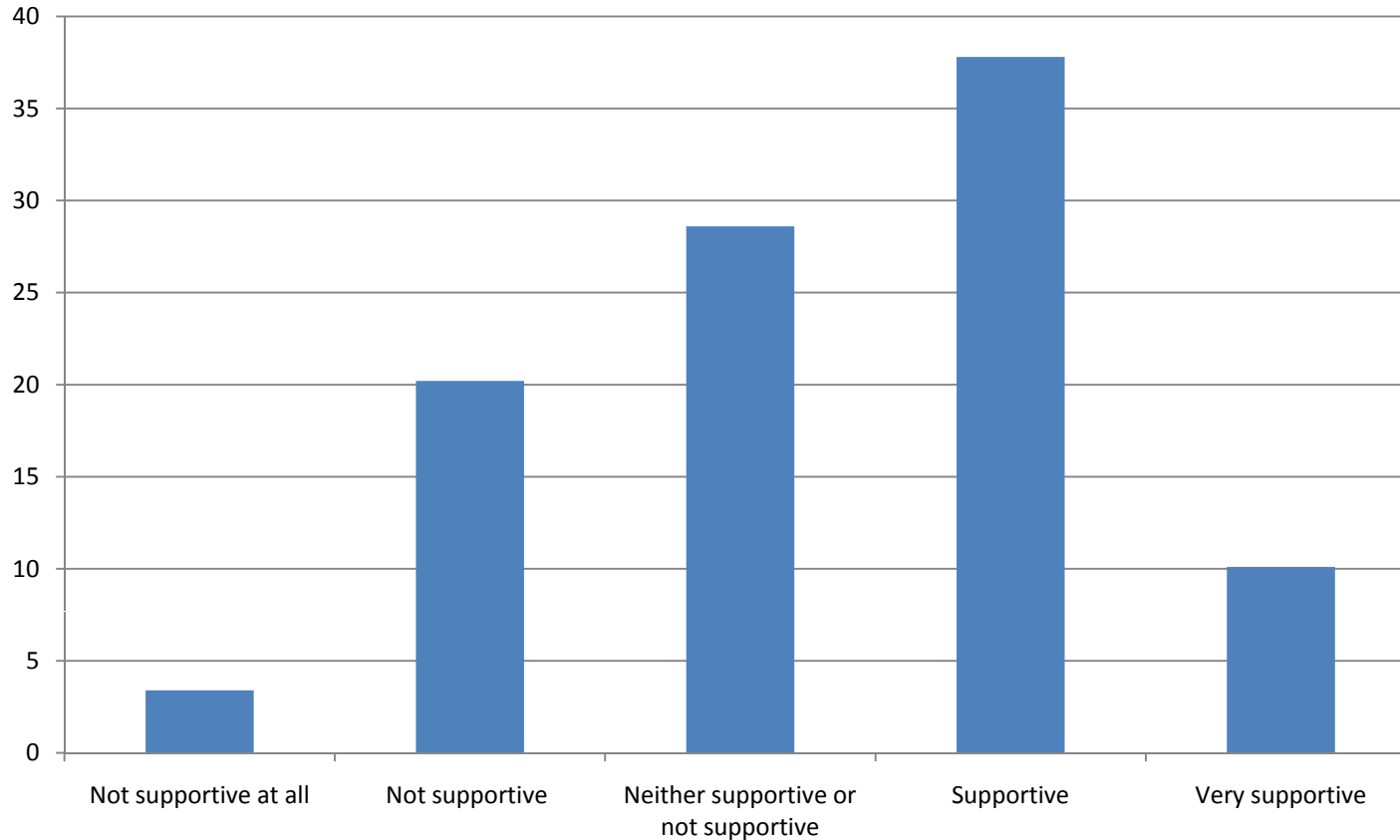
- **25%** neither supportive nor unsupportive
- **52%** supportive
- **19%** very supportive

## Increased Ultra-fast broadband for Schools



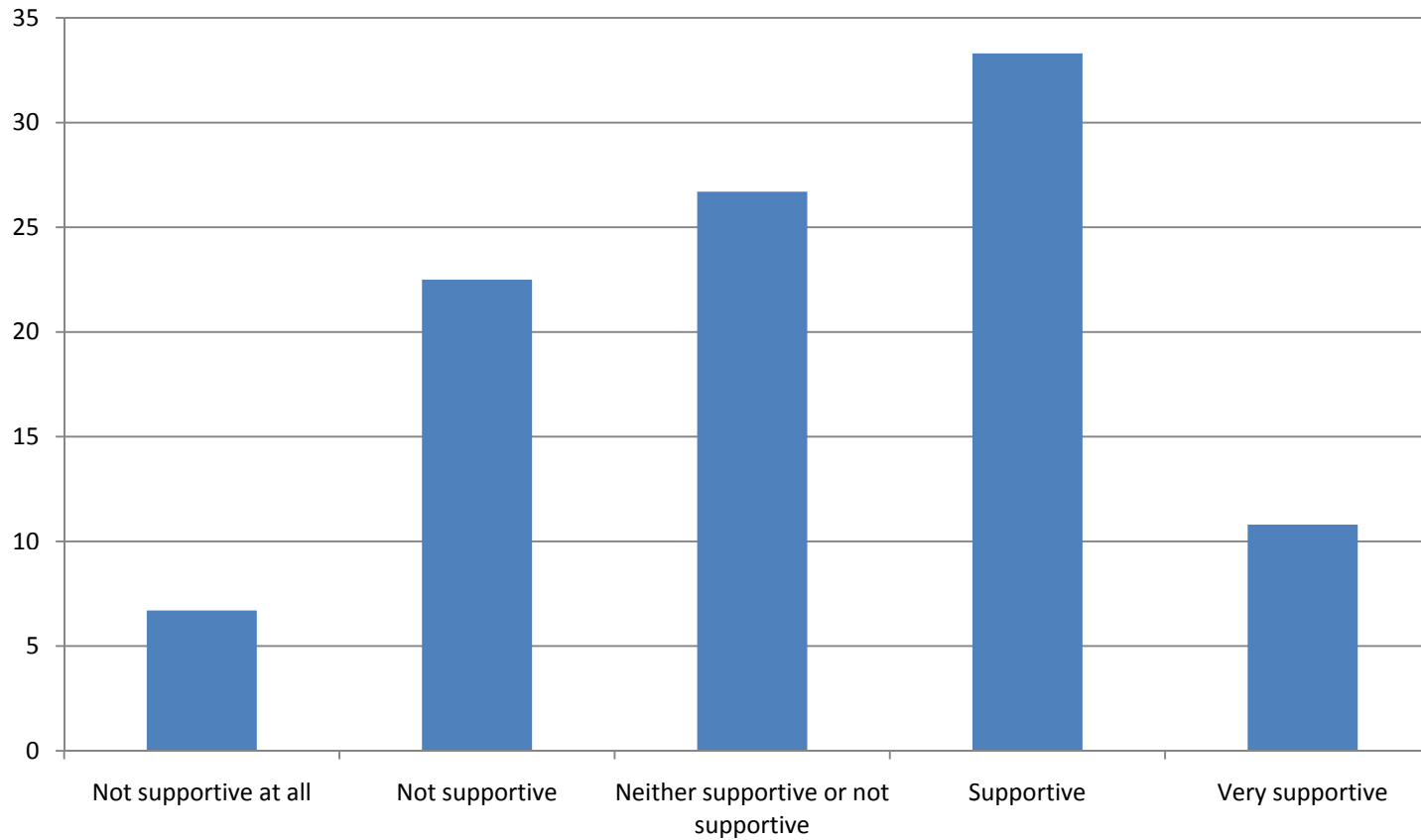
- **44%** supportive
- **22%** very supportive
- **28%** neither supportive nor unsupportive

## Greater Private Ownership of Air New Zealand



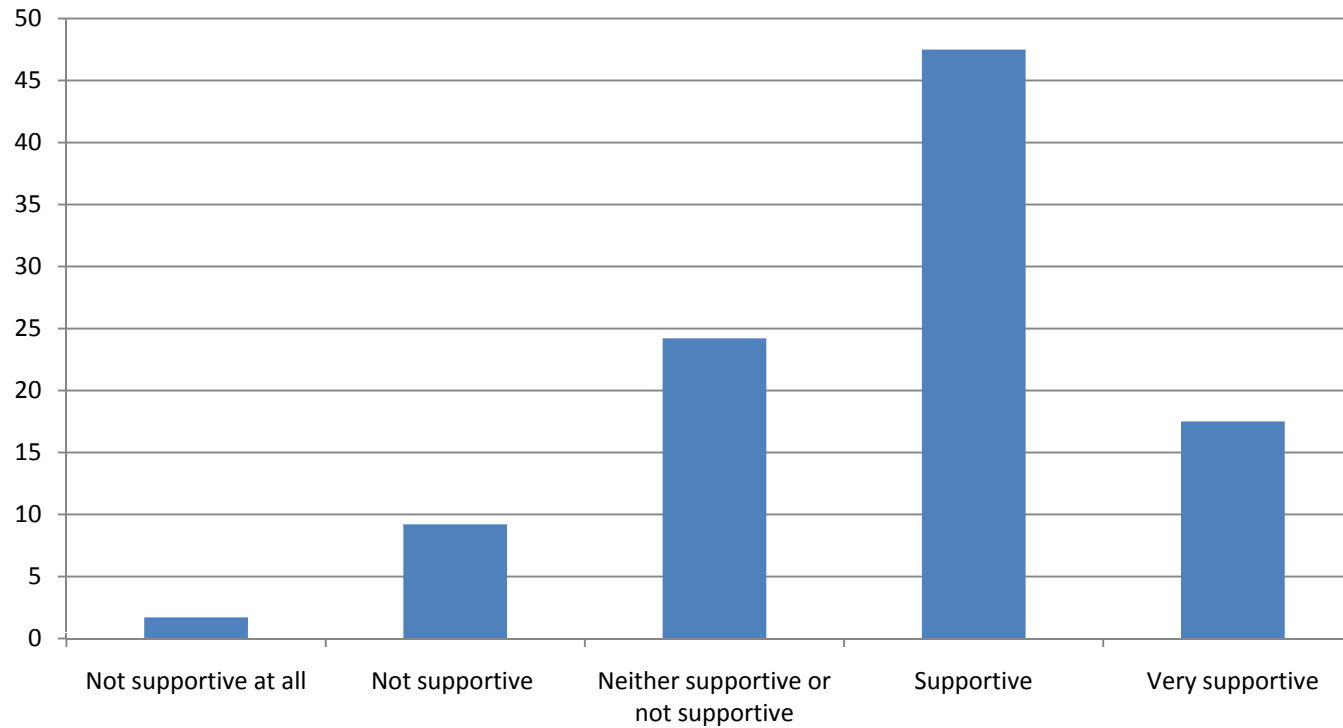
- **10%** very supportive
- **38%** supportive
- **29%** neither supportive nor unsupportive
- **23%** unsupportive

## Greater Private ownership of key Energy Companies



- **11%** very supportive
- **33%** supportive
- **27%** neither supportive nor unsupportive
- **22%** unsupportive
- **7%** - Not supportive at all

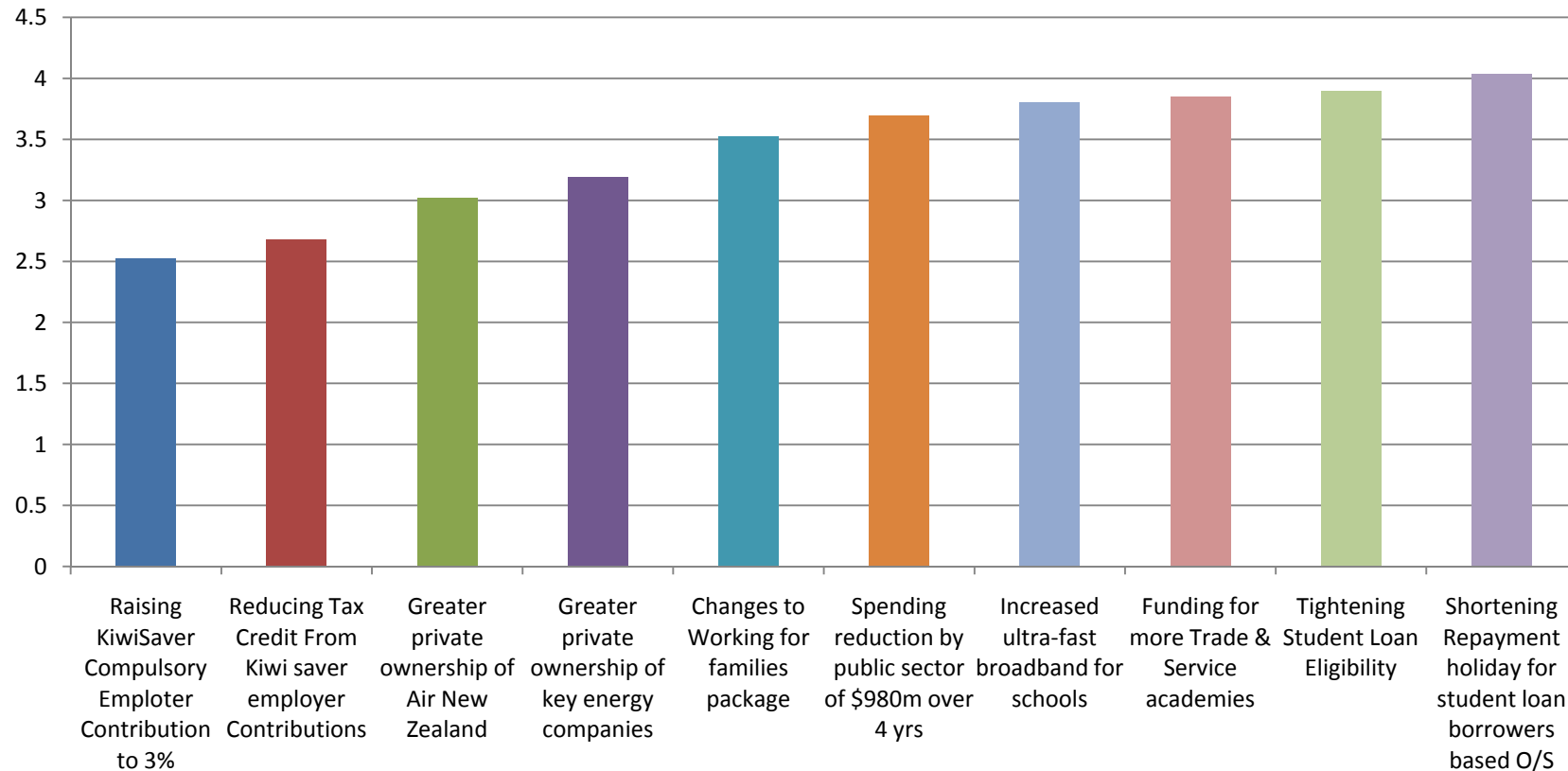
## Spending Reduction by Public sector of \$980m over 4 years



- **65%** of respondents **supportive** of this development

# Budget Initiatives – Comparison of support

Budget Initiatives - mean rank



# 2011 Budget

Average rank **out of 10**

**6.5**

**2010 Budget: 6.0/10**



# Budget 2011 – what business **Liked**

- Addressed debt
- Tightening up of initiatives e.g. Student loans and Working For Families
- Student loans – students needed to be made more accountable
- Budget perceived as sensible approach given current economic situation
- “Good to see the Government doing the hard part also – ie reducing its own Department expenditure”
- Addressed reality that the Government/nation can not continue to provide handouts to those who will abuse the system that was set up to support them in the first place.

# Budget 2011 – business **Did Not Like**

- **Key items:**
  - Kiwi saver changes - biggest issue
  - Selling assets for the wrong reason – ie perceived to raise cash and for short term gain.
- **Also subject to comment:**
  - Lack of plan for NZ's economic recovery
  - “what budget?!”
  - Pressure on students to repay debt early
  - Lack of assistance for those who genuinely need it.

# In summary

# In Summary

- **Businesses feeling a bit more confident** – more green shoots on the economic horizon?
- **Staff levels** anticipated to remain relatively constant
- **Key concerns right now:** costs of fuel, electricity and staff. Exchange rate increasing concern.
- A quarter of businesses use of local tertiary providers to assist with professional development. Are there opportunities for greater use?
- **Budget 2011** largely viewed as sensible, economically prudent and appropriately targeted.
- **But** not all budget changes popular: KiwiSaver.