



# Business Survey

**November 2003**

## **Featuring:**

- **Regional Activity Predictions**
- **The potential New Plymouth Airport Redevelopment**

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## **Preface**

Established in 1998 Venture Taranaki is an apolitical, independent, world class Regional Development Agency founded and supported by the New Plymouth District Council. It is the first project of its kind in New Zealand and reflects Taranaki's ability to develop innovative and creative partnerships between central government, local government and the private sector.

As Taranaki's regional development agency, Venture Taranaki provides a strategic and focused approach to developing the local economy. Our vision is to provide leadership in promoting a dynamic and innovative economy for regional development and sustainable wealth creation in Taranaki.

The Trust acknowledges the support of its major sponsor, the New Plymouth District Council.

## **Authorship**

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## 1.0 Executive Summary

The survey results indicate that the Taranaki business community predicts New Zealand wide business conditions are set to remain the same for the year ahead. Businesses operating within the 'business/ financial/ property' industry are noticeably more optimistic in their predictions for the coming period than other industry sectors. New Plymouth based businesses also tend to be slightly more optimistic in outlook than South Taranaki and Stratford based businesses.

57% of businesses surveyed reported industry conditions are likely to remain the same over the coming 12 months, while 24% indicated conditions are likely to improve. Comparatively, 18% of respondents in the May 2003 survey indicated an improvement in conditions was likely.

Although a decline on the May 2003 survey results, sales predictions for the coming six month period are confident with the large majority of businesses predicting sales levels either staying the same or improving over the coming period. New Plymouth based businesses are particularly confident with over half of businesses in this district indicating an increase in sales is likely over the next six months. Similarly, cashflow predictions are good with 42% of businesses indicating an improvement is likely.

Employment levels are stable with nearly three quarters business respondents predicting they will not require any additional staff over the coming six months. However, demand for 'skilled manual/ technical' and 'professional/ managerial' staff are the most popular requested employee types. A number of respondents requested 'other' types of employees specifically detailing sales and experienced retail staff.

There is confidence in the market that export levels are anticipated to either improve or remain consistent with the previous period. Only a small portion anticipates deterioration in export conditions. The exchange rate was commented on significantly by respondents; many commented on the strong New Zealand exchange rate with the US and the associated positive and negative implications.

Overall there was a mixed response to whether the New Plymouth airport should be upgraded to international standard. While 47% indicated they would support the upgrade, 27% said they would not and 26% said they were undecided on the matter. The majority of respondents thought any redevelopments should be funded by local and central government.

Issues of concern raised by respondents were commonly in relation to regulatory and compliance issues. Specifically topics raised here were the four week holiday act, the anti-smoking bill and the pharmaceutical regulation of three monthly dispensing. Equally popular were comments on the farming industry, including reference to the decreased farmers' milk payout and the associated downturn in their spending. A large number of respondents also made comments in relation to the strong New Zealand dollar and the associated impacts.

## 2.0 Methodology

Venture Taranaki's Business Survey is undertaken every six months and is mailed out to 1,000 Taranaki businesses. Survey recipients were randomly selected from the New Zealand Business Directory Database (UBD) and considerable effort has been made to gather a representative sample of industry sector, size and location. This is the ninth business survey carried out by Venture Taranaki.

The overall purpose of the survey is to monitor trends, identify key issues affecting the growth of Taranaki businesses and provide timely, accurate and valuable information to Taranaki businesses.

The survey questionnaire comprises of two sections; a standard economic/ business section and a special topic section. The special topic for this survey was on the potential redevelopment of the New Plymouth Airport.

As at December 2002 there were 7,289 businesses operating in the Taranaki region. The distribution of businesses across the different Taranaki districts is as follows:

Region	Number of Business Operating	Percent of Taranaki Businesses
New Plymouth	4,783	65.6%
South Taranaki	1,842	25.3%
Stratford	664	9.1%
Taranaki	7,289	100.0%

In order to obtain survey results that are representative of Taranaki based businesses (i.e. 95% confidence +/- 5%) a response rate of 36.5% is required. This equates to a total of 365 completed surveys required to be confident in the findings to 95% +/- 5%.

A response rate of 30.0% was achieved for this survey. Although this is below the desired 36.5% response rate, a confidence interval of 95% to plus or minus 5.54% can be claimed. As analysis throughout this report is, in parts, broken down by industry sector and district, it should be highlighted that the 95% +/- 5.54% is relevant to overall results and not at industry and district level. Due to this, care should be taken when interpreting these results.

Of those businesses who responded, 62.7% are located in the New Plymouth District, 25.0% in South Taranaki and 7.0% of the businesses were from Stratford. A total of 4.7% of businesses operated from branches, located throughout Taranaki. Although this is not a largely significant difference, it should be acknowledged that this is not a perfectly proportionate representation of the different Taranaki districts, and thus this factor should be considered when interpreting results.

The largest group of respondents, 29.0%, considered their main business operations to be within the 'retail and wholesale trade' industry. A total of 11.3% reported they operated in the 'business/ property/ financial service' sector while 10.0% associated themselves with the 'agriculture/ horticulture/ fishing/ forestry' industry. All other industry sectors each comprised of less than 10.0% of respondents. A total of 6.7% of respondents selected the other category indicating that their main activity of business could not be adequately categorised by the survey options.

The table below details the distribution of businesses taking part in the survey by location and industry type.

	Ag/Hort/ Fish/Forest	Mining/ Oil/Gas	Manuf (metals)	Manuf (other)	Elec/Gas/ Water	Build/ Const	Retail/ Whlsale	Rest/ Accom	Trans/ Comm	Bus/Fin/ Property	Health/ Ed	Govt/ Social	Othr
<b>NPD</b>	36.7	80.0	73.1	66.7	66.7	60.0	58.6	81.3	68.4	70.6	77.8	33.3	65.0
<b>STD</b>	43.3		23.1	22.2	16.7	28.0	32.2	18.8	21.1	17.6	11.1	33.3	10.0
<b>SD</b>	13.3		3.8	11.1	16.7	12.0	5.7			8.8		33.3	10.0
<b>All</b>	6.7	20.0					3.4		10.5	2.9	11.1		15.0

A total of 31.0% of responding businesses have 1 – 4 people working in the business, 27.0% have 5 – 9 people and 18.7% have 10 – 19 people. The remaining 23.0% of businesses have 20 or more people working in the business.

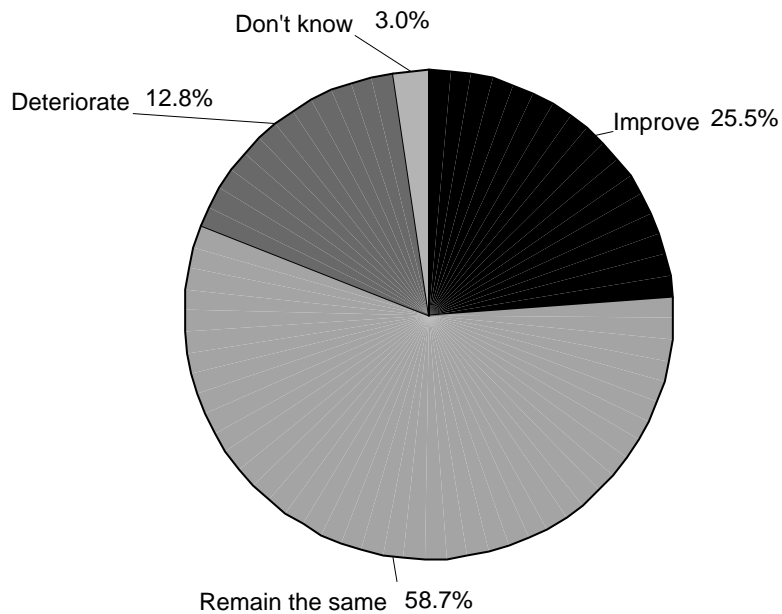
Body Indulgence kindly sponsored the survey and offered an incentive to one lucky responding business – a gift basket valued at \$100 (including hand & body lotion, shower gel, bubble bath & soap) or a voucher to Body Corporate's – Beauty Therapy Urban Sanctuary. Venture Taranaki would like to thank Body Indulgence for supporting this survey initiative.

## 3.0 Economic Findings

### 3.1 New Zealand Wide Business Conditions

Respondents were asked to predict how they expected the general business situation in New Zealand to be over the next 12 months. Looking ahead, the majority of responding Taranaki businesses, 58.7%, predicted that general business conditions in New Zealand are set to remain the same. Consistently over the past four years approximately 50% of Taranaki business owners taking part in the survey predict that nationwide business conditions are set to remain the same over the coming 12 month period. A total of 25.5% believed conditions would improve, while 12.8% predicted conditions would deteriorate.

Graph 1: New Zealand Wide Conditions: Predictions for the Next 12 Months

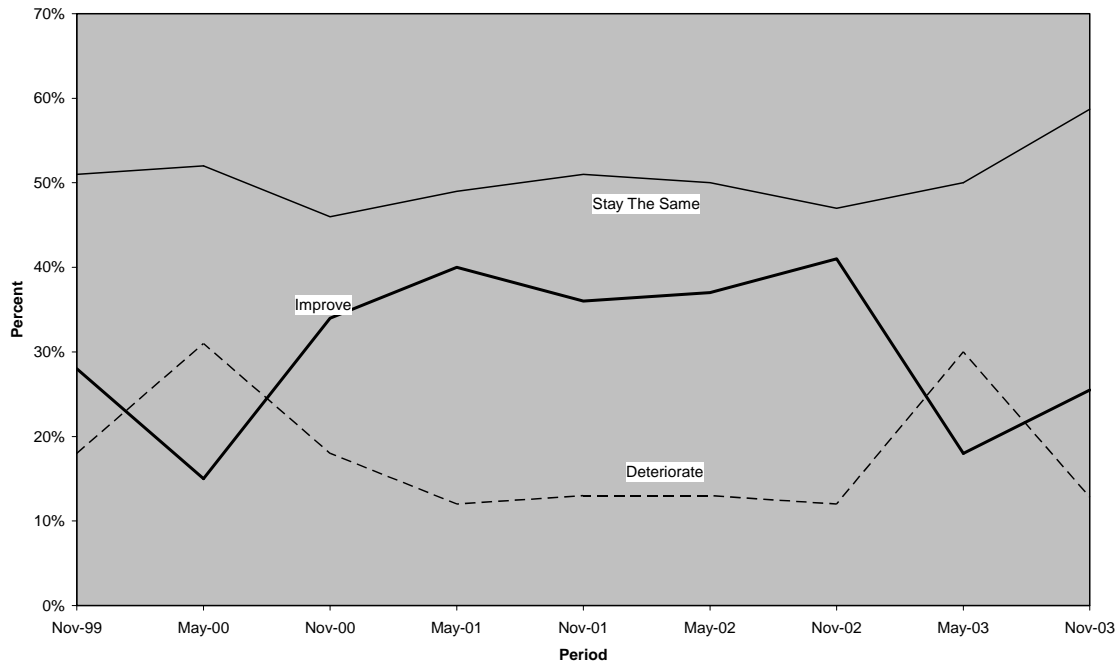


Overall a total of 12.8% of respondents indicated they believed the nation wide business conditions are set to deteriorate over the coming 12 months. In the previous business survey, May 2003, 30.5% of respondents had indicated they believed a decline in general business was evident. This indicates a significant decrease in the number of respondents predicting the coming 12 months will result in the deterioration of New Zealand's general business condition.



The survey highlights that since the May 2003 business survey there has been a decrease in the proportion of Taranaki business owners predicting nationwide business conditions will deteriorate and an increase in those predicting conditions will improve. This is opposite trend to that identified in the previous survey and can be seen replicated around the May 2000 period on the graph below.

Graph 2: New Zealand Wide Conditions: Comparison of Results



Across the industry sectors, analysis reveals some industry sectors are more optimistic in their predictions for the next 12 months.

Table 1: New Zealand Wide Conditions: Predictions for the Next 12 Months by Industry Sector

	Ag/Hort/ Fish/Forest	Mining/ Oil/Gas	Manuf (metals)	Manuf (other)	Elec/Gas/ Water	Build/ Const	Retail/ Wholesale	Rest/ Accom	Trans/ Comm	Bus/Fin/ Property	Health/ Ed	Govt/ Social	Othr
<b>Imprv</b>	10.3	20.0	23.1		16.7	23.1	32.2	31.3	31.6	35.3	17.6		25.0
<b>Same</b>	72.4	40.0	69.2	88.9	50	65.4	47.1	56.3	52.6	55.9	76.5	66.7	55.0
<b>Decr</b>	13.8	40.0	7.7		16.7	7.7	16.1	12.5	15.8	8.8	5.9	33.3	15.0
<b>d/k</b>	3.4			11.1	16.7	3.8	4.6						5.0

The 'mining/ oil/ gas' industry is significantly more pessimistic in nation-wide business condition predictions for the next 12 months. Differing to this feedback, businesses operating within the 'business/ financial/ property' industry are significantly more optimistic in outlook than other industry sectors with 35.3% of respondents indicating they believe nation-wide business conditions are set to improve over the coming 12 month period.

When analysing business condition predictions across the different Taranaki regions, it is evident that New Plymouth based businesses have a significantly more optimistic business outlook for the coming 12 months.

Table 2: New Zealand Wide Conditions: Predictions for the Next 12 Months by Taranaki District

	% within Business location				Total
	Business location				
	New Plymouth District	South Taranaki District	Stratford District	Throughout Taranaki	
Improve	27.3%	21.6%	9.5%	50.0%	25.7%
Remain the same	57.2%	59.5%	71.4%	50.0%	58.4%
Deteriorate	11.8%	16.2%	19.0%		12.8%
Don't know	3.7%	2.7%			3.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

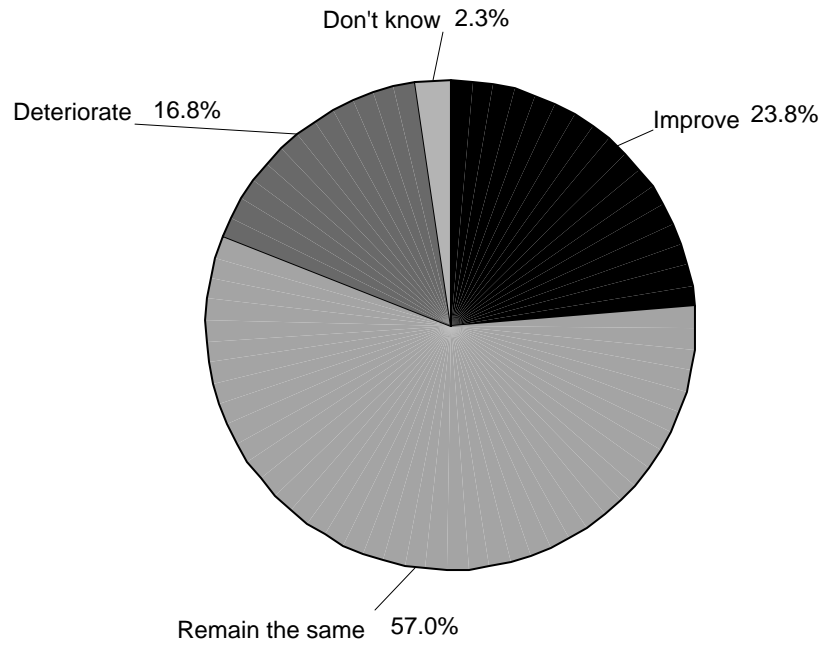
The majority of businesses in each Taranaki district indicated that nationwide businesses conditions are likely to remain the same for the coming 12 month period. A total of 27.3% of New Plymouth and 21.9% of South Taranaki based businesses predicted an improvement in general business conditions over the coming 12 months while only 9.5% of based Stratford businesses reported the same positive outlook.

When comparing predictions against the size of the business, no significant relationship is evident indicating that business size does not impact on the businesses future predictions.

### 3.2 Industry Conditions

Respondents were asked to predict how they believed their industry conditions would be for the coming 12 months. Once again, the majority of respondents (57.0%) predict that industry conditions will remain the same.

Graph 3: Industry Conditions: Predictions for the Next 12 Months

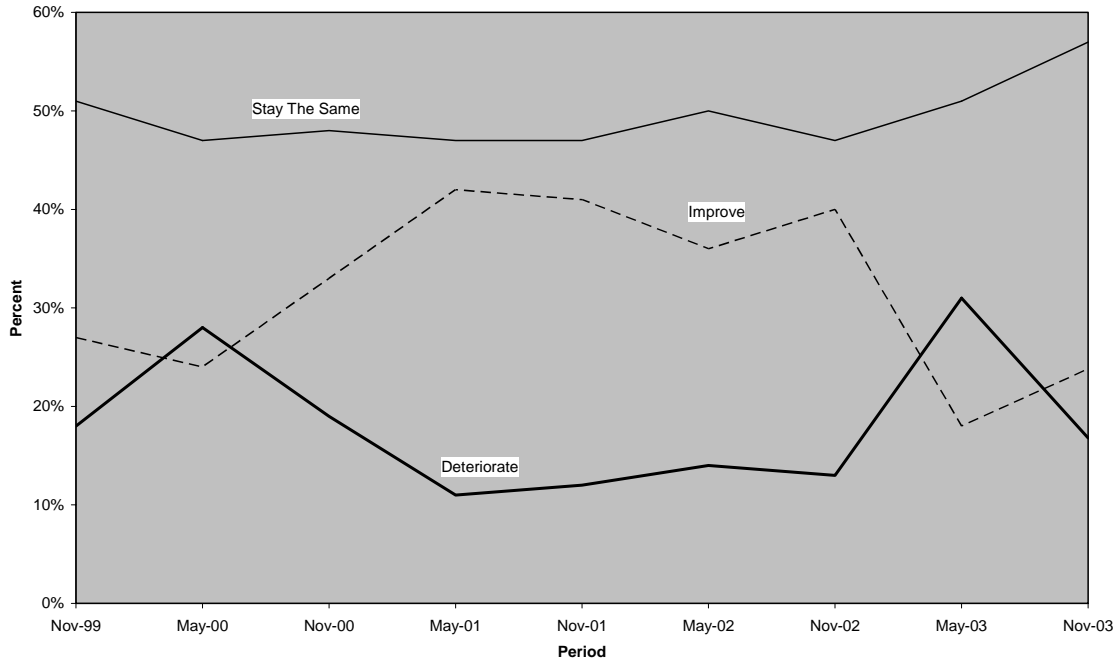


A total of 23.8 % of respondents reported believing that industry conditions will improve over the coming period while 16.8% believed conditions would deteriorate. Comparatively, in the May 2003 business survey 18.2% of respondents predicted an improvement in industry conditions over the next 6 months.

The industry predictions over time follow the same trend as that of the nation-wide prediction - an increase in the proportion of businesses predicting improving industry conditions and a decrease in the proportion of businesses predicting a decline over the coming 12 month period. The proportion of businesses feeling that conditions will remain the same has fluctuated at around 50% throughout the total reporting period.

Interestingly, the portion of businesses indicating industry conditions will remain the same for the coming 12 months is the highest since the survey began in 1999.

Graph 4: Industry Conditions: Comparison of Results



When analysing predicted industry conditions across various industries, with the exception of the 'retail/ wholesale', 'restaurant/ accommodation' and 'health/ education' industries, over 50% of businesses believed the industry conditions they are presently operating under are set to remain the same over the coming period.

Table 3: Industry Conditions: Predictions for the Next 12 Months by Industry Sector

	Ag/Hort/ Fish/Forest	Mining/ Oil/Gas	Manuf (metals)	Manuf (other)	Elec/Gas/ Water	Build/ Const	Retail/ Whlsale	Rest/ Accom	Trans/ Comm	Bus/Fin/ Property	Health/ Ed	Govt/ Social	Othr
<b>Imprv</b>	13.3	20.0	15.4	11.1	33.3	11.5	27.9	37.5	31.6	20.6	29.4		40.0
<b>Same</b>	53.3	80.0	73.1	66.7	50.0	73.1	48.8	43.8	57.9	64.7	41.2	66.7	55.0
<b>Decr</b>	30.0		11.5	22.2	16.7	11.5	18.6	12.5	10.5	14.7	29.4	33.3	5.0
<b>d/k</b>	3.3					3.8	4.7	6.3					

A regional breakdown reveals that businesses operating in the Stratford District are more pessimistic, with over one quarter (28.6%) feeling that their industry conditions will deteriorate over the next 12 months. This compares to New Plymouth and South Taranaki based businesses reporting 14.4% and 21.6% respectively.

Table 4: Industry Conditions: Predictions for the Next 12 Months by Taranaki District

% within Business location	Business location				Total
	New Plymouth District	South Taranaki District	Stratford District	Throughout Taranaki	
Improve	26.7%	12.2%	19.0%	57.1%	24.0%
Remain the same	55.6%	64.9%	52.4%	35.7%	56.8%
Deteriorate	14.4%	21.6%	28.6%	7.1%	16.9%
Don't know	3.2%	1.4%			2.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

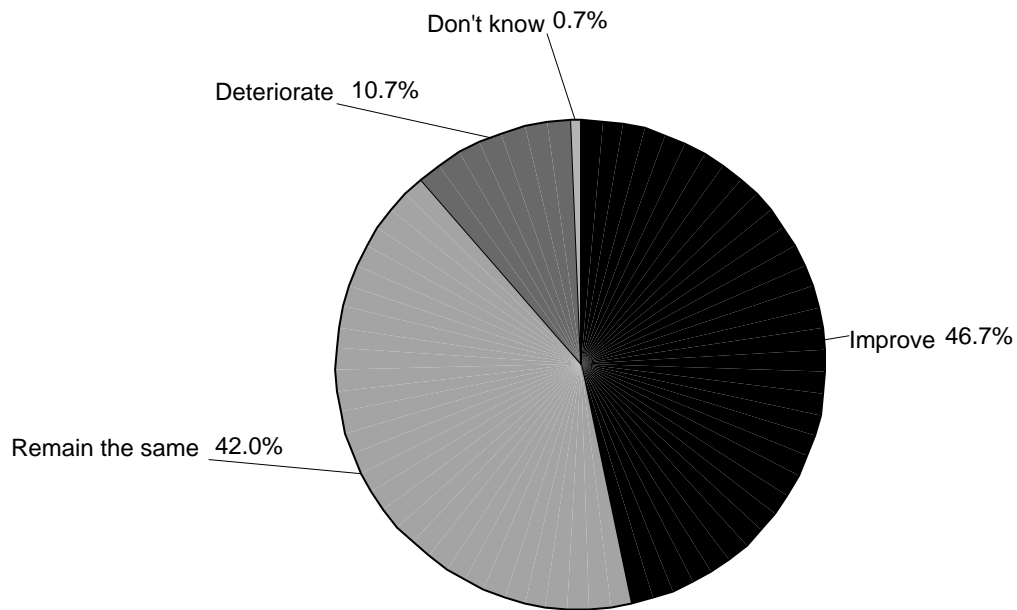
The majority of all businesses in each location predicted that industry conditions are likely to remain the same over the coming period.

Analysis indicates that business size does not impact on industry related predictions for the next 12 month period.

### 3.3 Sales/ Customer Levels

The largest portion of responding businesses, 46.7% predict that sales/ customer levels are going to improve over the coming six month period. A total of 42.0% predict levels are set to remain the same while 10.7% predict a decline. 0.7% of respondents said they did not know what the next six months would bring.

Graph 5: Sales/ Customer Levels: Predictions for the Next 6 Months

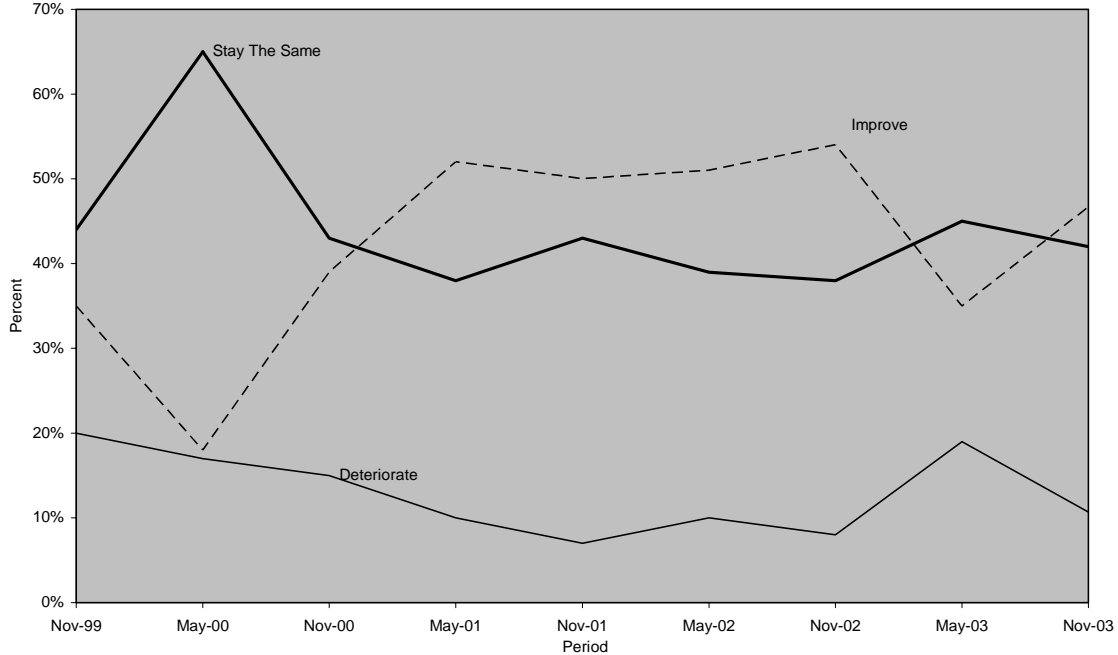


Since the last survey in May 2003, responses have become more optimistic with an increase in the number of respondents indicating that an improvement over the coming period is likely. There is also a significant decrease in the number of respondents who believe that a decrease in sales/ customer levels is likely.

When compared to the same time last year, a decrease in optimism is apparent; in the November 2002 survey 54.0% of respondent predicted conditions will improve over the following six months compared to the 46.7% reported this survey.

Over time the portion of respondents predicting sales will remain the same has fluctuated at around 40%.

Graph 6: Sales/ Customer Levels: Comparison of Results



As the graph illustrates, for the first time since November 2002 the portion of businesses predicting sales will stay the same for the coming six months exceeds the portion predicting an improvement in sales.

When comparing sales/ customer level predictions for the coming six months against business location, it is evident that businesses operating in the Stratford district are significantly more pessimistic. A total of 23.8% of businesses within this area predicted a decline in sales/ customer level for the next six months. A total of 23.8% of Stratford based businesses predicted deterioration in sales/ customer levels over the next six months while New Plymouth and South Taranaki based businesses were less pessimistic reporting 6.9% and 18.7% respectively.

The most optimistic district in the region was the New Plymouth with over 50% of business respondents in this district predicted an increase in sales/ customer levels.

Table 5: Sales/ Customer Levels: Predictions for the next 6 Months by Taranaki District

	% within Business location				
	Business location				Total
	New Plymouth District	South Taranaki District	Stratford District	Throughout Taranaki	
Improve	52.1%	32.0%	33.3%	71.4%	46.6%
Remain the same	40.4%	48.0%	42.9%	28.6%	41.9%
Deteriorate	6.9%	18.7%	23.8%		10.7%
Don't know	.5%	1.3%			.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Overall there was no significant correlation evident between industry sector and sales/ customer level predictions. Interestingly however, over half of business respondents in the 'restaurant/ accommodation', 'transport/ communications', 'financial/ business/ property', 'government/ social services' and 'other' industries predicted an improvement in sales/ customer levels over the next six months.

Table 6: Sales/ Customer Levels: Predictions for the Next 6 Months by Industry Sector

	Ag/Hort/ Fish/Forest	Mining/ Oil/Gas	Manuf (metals)	Manuf (other)	Elec/Gas/ Water	Build/ Const	Retail/ Wholesale	Rest/ Accom	Trans/ Comm	Bus/Fin/ Property	Health/ Ed	Govt/ Social	Othr
<b>Imprv</b>	26.7	20.0	46.2	44.4	16.7	34.6	49.4	56.3	68.4	52.9	38.9	66.7	65.0
<b>Same</b>	53.3	80.0	42.3	55.6	66.7	53.8	36.8	37.5	26.3	35.3	50.0	33.3	30.0
<b>Decr</b>	20.0		3.8		16.7	11.5	13.8	6.3	5.3	11.8	11.1		5.0
<b>d/k</b>			7.7										

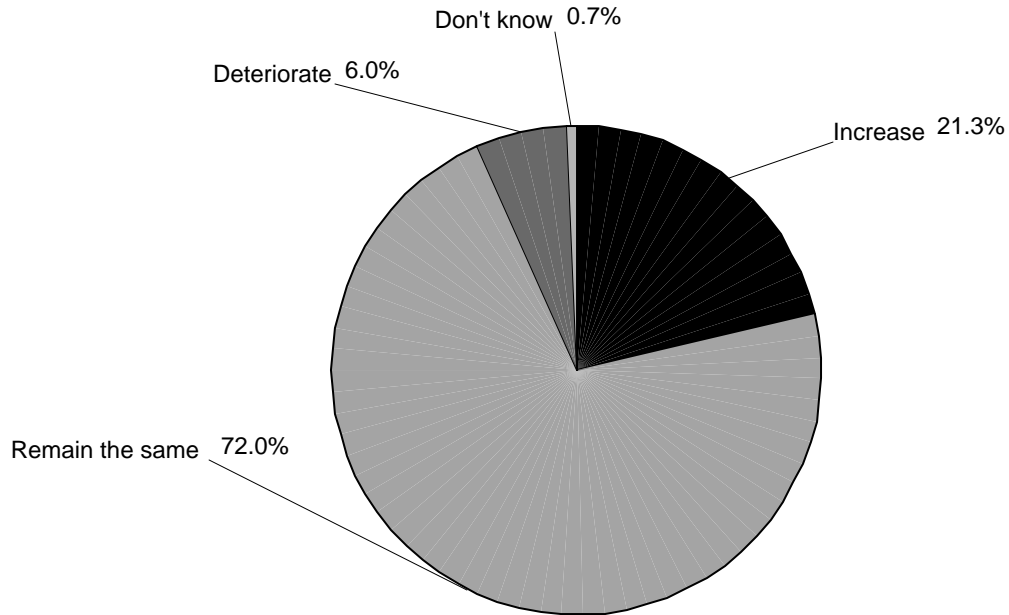
Businesses operating within the 'agriculture, horticulture, fishing and forestry' industry reported a higher proportion of businesses predicting deterioration over the next six months than other industry sectors; 20.0% of businesses within this industry indicated deterioration is likely.



### 3.4 Employment Levels

Respondents were asked to indicate how they expect employment levels to change over the coming six month period. Most respondents, 72.0%, reported that they expected employment requirements to remain the same over the coming six month period. 21.3% indicated they expected employee numbers to increase over the period and 6.0% indicated that employee levels will deteriorate.

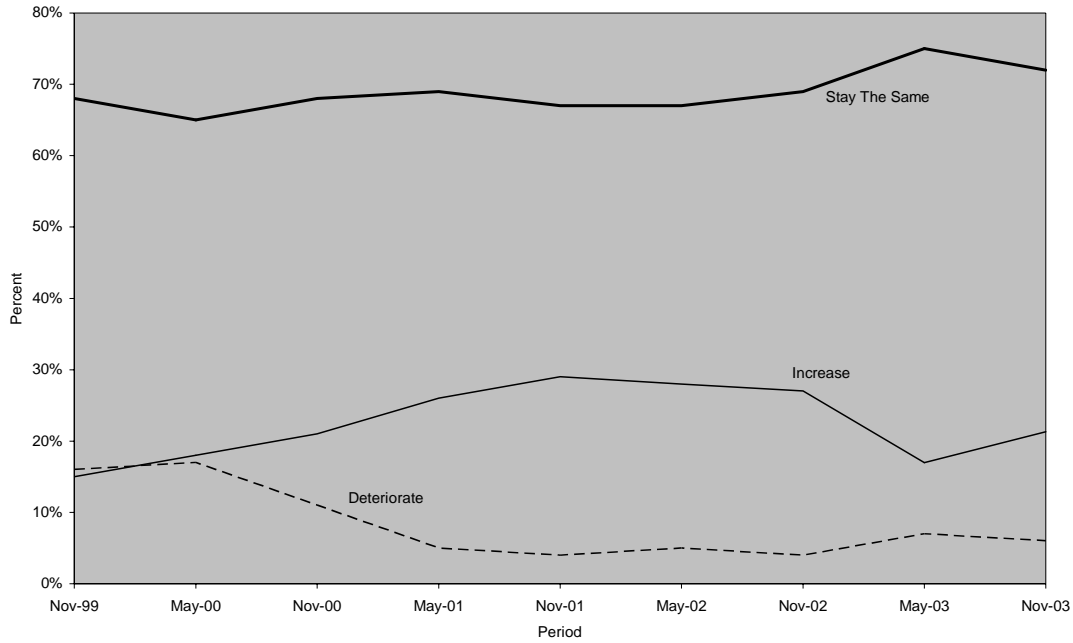
Graph 7: Employment Levels: Predictions for the Next 6 Months



Over time the majority of respondents have consistently indicated that they believe their staffing requirements for the coming period are likely to remain the same. Since the previous survey completed in May 2003, there has been a mild increase in the number of respondents expecting an increase in staffing requirements over the coming period; on the other hand there is also a decrease in the proportion of respondents predicting requirements will remain the same. The opposite movement was evident in the previous May 2003 survey.

The proportion of businesses predicting deterioration in the number of employees has consistently remained below ten percent since May 2001.

Graph 8: Employment Levels: Comparison of Results



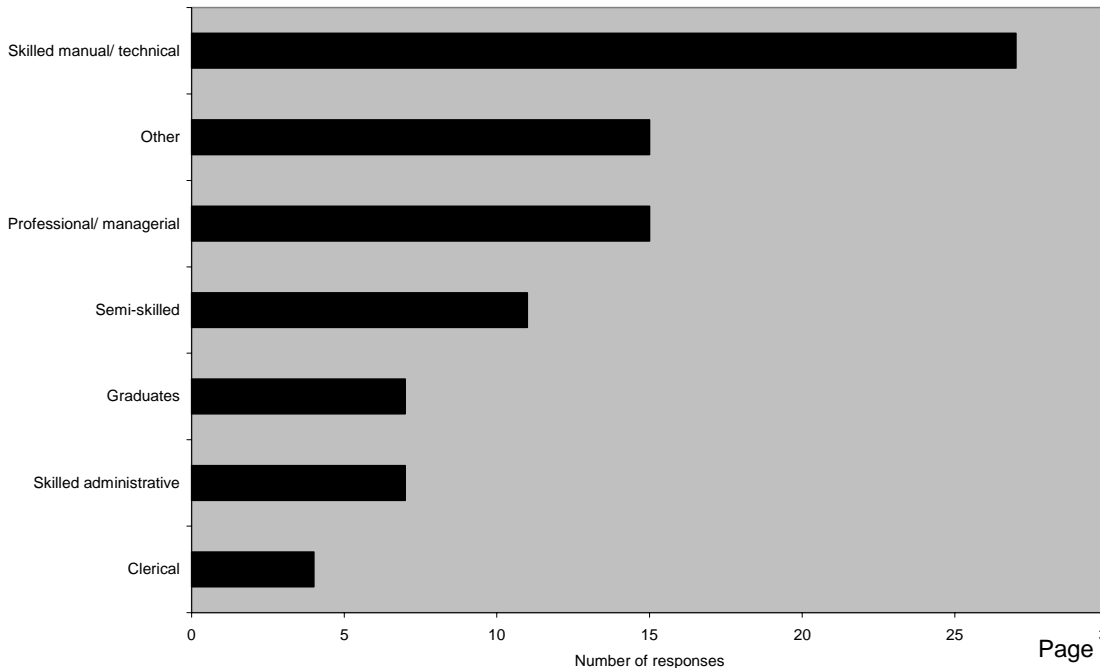
Of those businesses indicating that an increase in employee levels was likely over the coming six months, 'skilled manual/ technical', 'professional/ managerial' and 'other' workers were among the most requested employee types. A total of 31.4%, 17.4% and 17.4% (respectively) of respondents indicated that each of these employee types will be required.

As common with previous surveys, a number of respondents made note that qualified tradesmen and apprentice tradesmen were in particular demand. (NB: only businesses that indicated an increase in staffing levels over the next six months were questioned on the type of employees they require).

The most popular 'other' type of employee was sales and retail experienced.

"Shortage of qualified tradesmen"

Graph 9: Employment Levels: Required Employee Types for the Next 6 Months



When analysing employment demand across the industry sectors, it is evident that businesses operating within the 'transport/ communications' industry is significantly more optimistic with 42.1% of businesses operating within this industry expect an increase in staffing levels over the coming six month period.

Businesses operating within the 'government/ social services' industry sector reported the highest proportion of businesses predicting a decrease in employment levels over the next six month period.

Table 7: Employment Levels: Predictions for the Next 6 Months by Industry Sector

	Ag/Hort/ Fish/Forest	Mining/ Oil/Gas	Manuf (metals)	Manuf (other)	Elec/Gas/ Water	Build/ Const	Retail/ Whlsale	Rest/ Accom	Trans/ Comm	Bus/Fin/ Property	Health/ Ed	Govt/ Social	Othr
<b>Imprv</b>	26.7	20.0	15.4	11.1	33.3	7.7	21.8	6.3	42.1	20.6	22.2		35.0
<b>Same</b>	66.7	60.0	80.8	77.8	66.6	76.9	75.9	81.3	57.9	73.5	61.1	66.7	60.0
<b>Decr</b>	6.7	20.0	3.8	11.1		15.4	2.3	12.5		2.9	11.1	33.3	5.0
<b>d/k</b>										2.9	5.6		

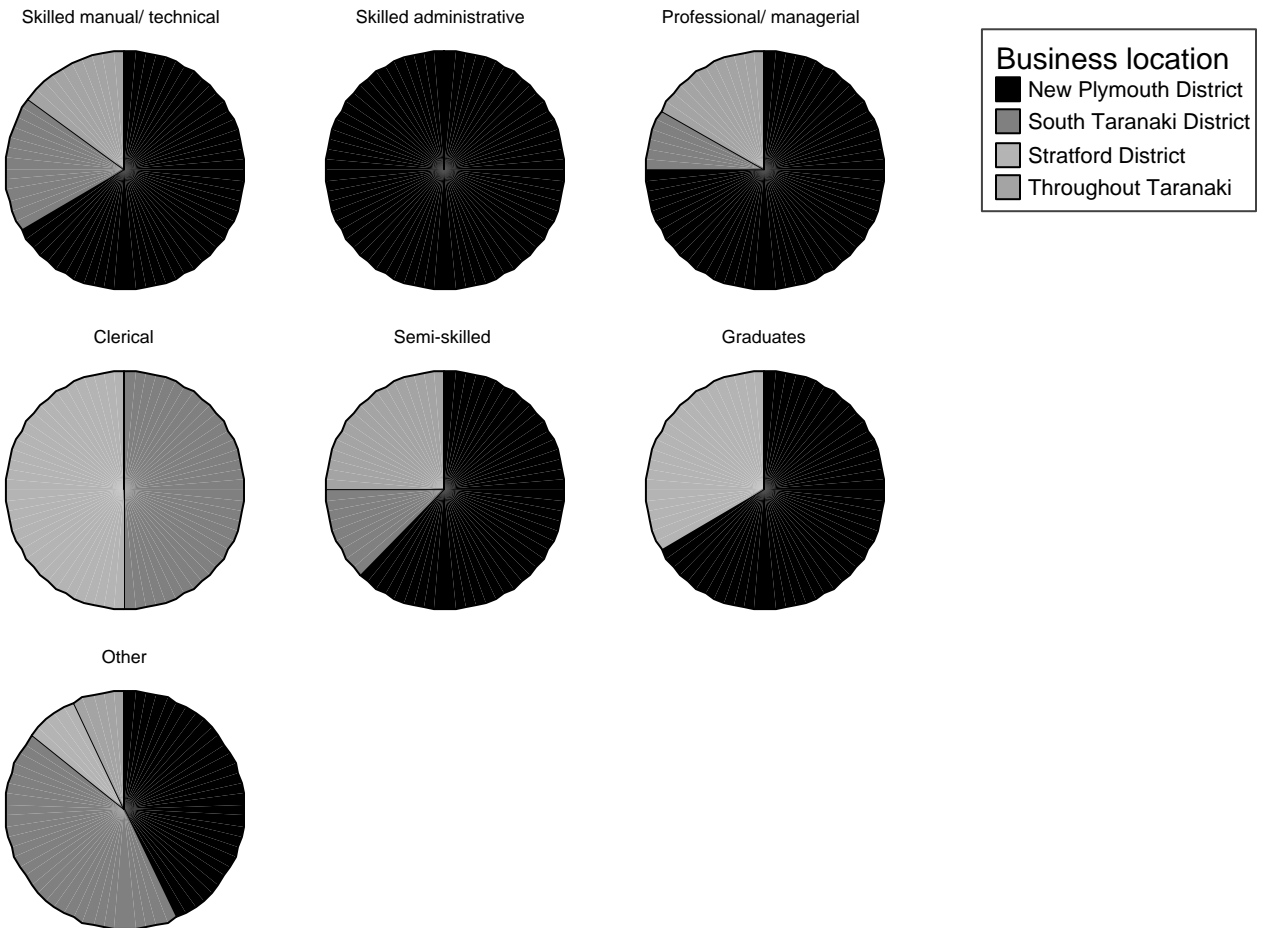
When comparing predicted employee requirements for the coming six month period across the Taranaki regions, the majority of businesses predict employment requirements are set to remain the same. Interestingly however, a higher proportion of New Plymouth based businesses believe an increase is feasible. A total of 21.8% of New Plymouth based businesses believe an increase in employee levels will be required over the coming period. Comparatively only 16.0% and 9.5% of South Taranaki and Stratford businesses (respectively) indicated an increase is likely.

Table 8: Employment Levels: Predictions for the Next 6 Months by Taranaki District

	% within Business location				
	Business location				
	New Plymouth District	South Taranaki District	Stratford District	Throughout Taranaki	Total
Increase	21.8%	16.0%	9.5%	64.3%	21.5%
Remain the same	72.9%	72.0%	90.5%	28.6%	71.8%
Deteriorate	4.8%	10.7%		7.1%	6.0%
Don't know	.5%	1.3%			.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Respondents that indicated an increase in staffing levels was likely over the coming six month period were also questioned on the type of employee they are likely to be requiring. The below graphs illustrate the type of employees required, and the region they are required in.

Graph 10: Employment Levels: Type of Employee Required by Taranaki District



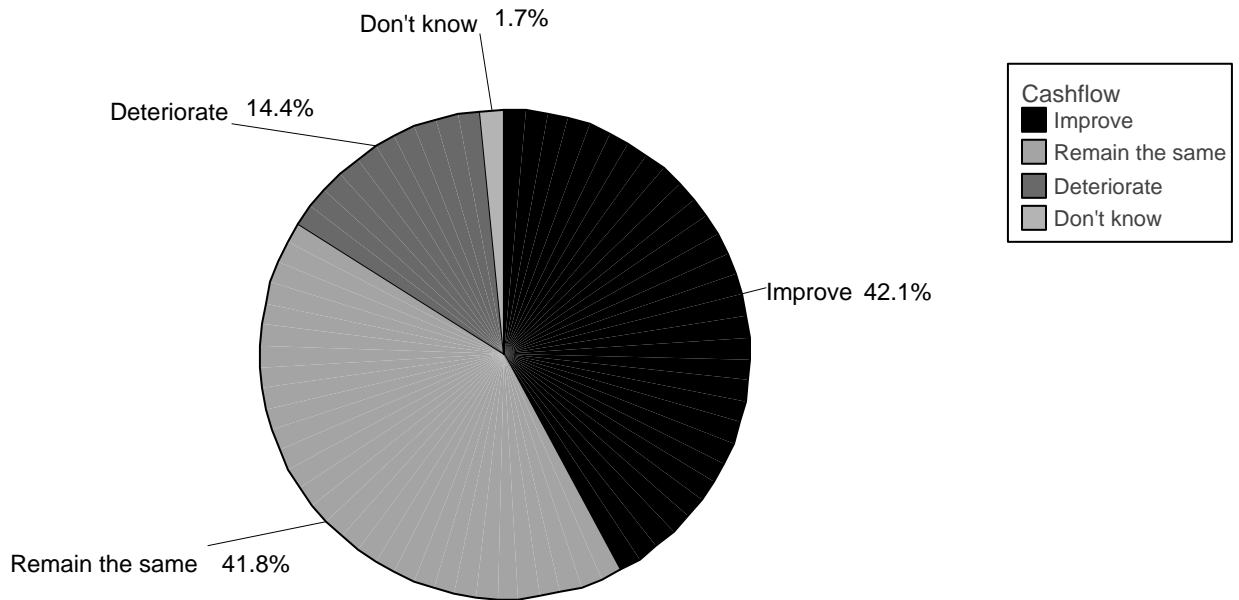
New Plymouth based businesses dominated demand in the majority of each employment category. Stratford district businesses indicated they require 'clerical' and 'graduate' employees while South Taranaki businesses require employees in the 'clerical' and 'other' categories.

No significant relationship was found between the type of employee required and the businesses size.

### 3.5 Cashflow Levels

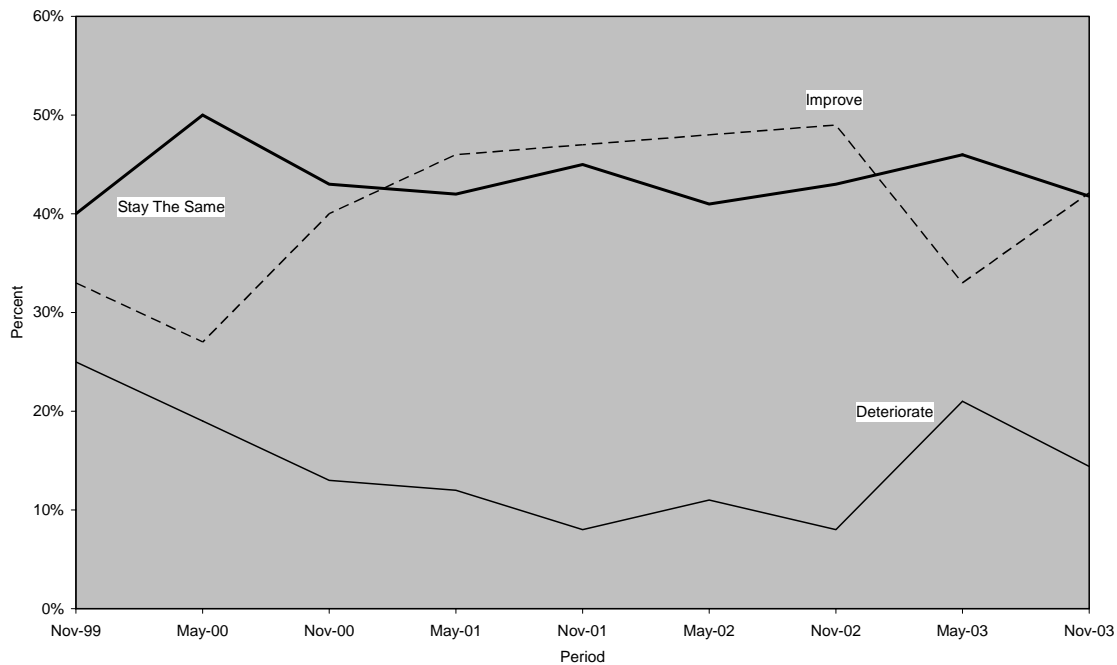
The largest portion of businesses, 42.1%, believe that Cashflow levels are likely to improve over the coming six month period. 41.8% predict Cashflow will remain the same while 14.4% reported an expected deterioration over the period.

Graph 11: Cashflow Levels: Predictions for the Next 6 Months



Since the May 2003 survey, predicted cashflow levels have increased significantly with the proportion of respondents indicating a decrease in cashflow levels increasing considerably. Again, this trend is the reverse to that of the previous survey.

Graph 12: Cashflow Levels: Comparison of Results



As the graph illustrates, for the first time since the survey began in 1999, the portion of business predicting an improvement in cashflow levels and the portion predicting levels will stay the same are almost equal.

When analysing cashflow predictions regionally, the majority of businesses across the three Taranaki districts believe that cashflow levels are set to remain the same over the coming six month period.

Analysis revealed that New Plymouth based businesses are significantly more optimistic in their predictions of cashflow levels for the next six months. A total of 48.7% of New Plymouth businesses indicated an improvement is likely, this compares with 28.6% of Stratford and 26.7% of South Taranaki based businesses.

Table 9: Cashflow Levels: Predictions for the Next 6 Months by Taranaki District

% within Business location					
	Business location				Total
	New Plymouth District	South Taranaki District	Stratford District	Throughout Taranaki	
Improve	48.7%	26.7%	28.6%	57.1%	42.1%
Remain the same	39.6%	49.3%	42.9%	28.6%	41.8%
Deteriorate	10.2%	22.7%	23.8%	14.3%	14.5%
Don't know	1.6%	1.3%	4.8%		1.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Across the industry sectors, the 'transport and communications' and 'restaurant or accommodation' industries reported the most optimistic predictions with regard to cashflow levels for the next six months with 63.2% and 62.5% of respondents within these sectors, respectively, reporting an improvement in cashflow levels.

The 'mining/ oil/ gas' industry predicted the highest deterioration in cashflow for the coming period with 40.0% of businesses operating within this sector predicting a decline.

Table 10: Cashflow Levels: Predictions for the Next 6 Months by Industry Sector

	Ag/Hort/ Fish/Forest	Mining/ Oil/Gas	Manuf (metals)	Manuf (other)	Elec/Gas/ Water	Build/ Const	Retail/ Whlsale	Rest/ Accom	Trans/ Comm	Bus/Fin/ Property	Health/ Ed	Govt/ Social	Othr
<b>Imprv</b>	20.0		38.5	22.2	33.3	34.6	50.6	62.5	63.2	35.3	38.9		63.2
<b>Same</b>	50.0	60.0	57.7	66.7	33.3	53.8	31.0	31.3	26.3	50.0	44.4	66.7	26.3
<b>Decr</b>	30.0	40.0	3.8	11.1	16.7	7.7	18.4	6.3	10.5	8.8	11.1	33.3	10.5
<b>d/k</b>					16.7	3.8				5.9	5.6		

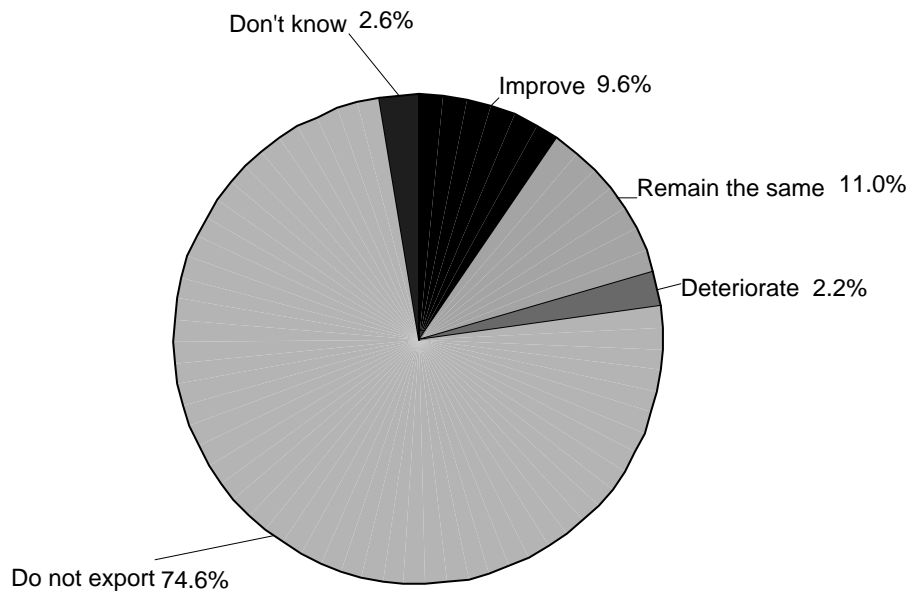
When comparing predicted cashflow levels with business size, the majority of businesses predict cashflow levels will remain the same over the coming six months; no significant relationship is evident between these two variables.

### 3.6 Export Levels

Of all respondents who took part in the survey, a total of 56.7% reported that they did not export while 24.0% did not answer the question. This high non-response is likely to be largely due to the fact that a large proportion of respondents do not export and thus skipped over the question.

Of the 19.3% of respondents who answered the question, a total of 11.0% expect export conditions to remain the same over the coming six month period while 11.3% expect conditions to remain the same.

Graph 13: Export Levels: Predictions for the Next 6 Months



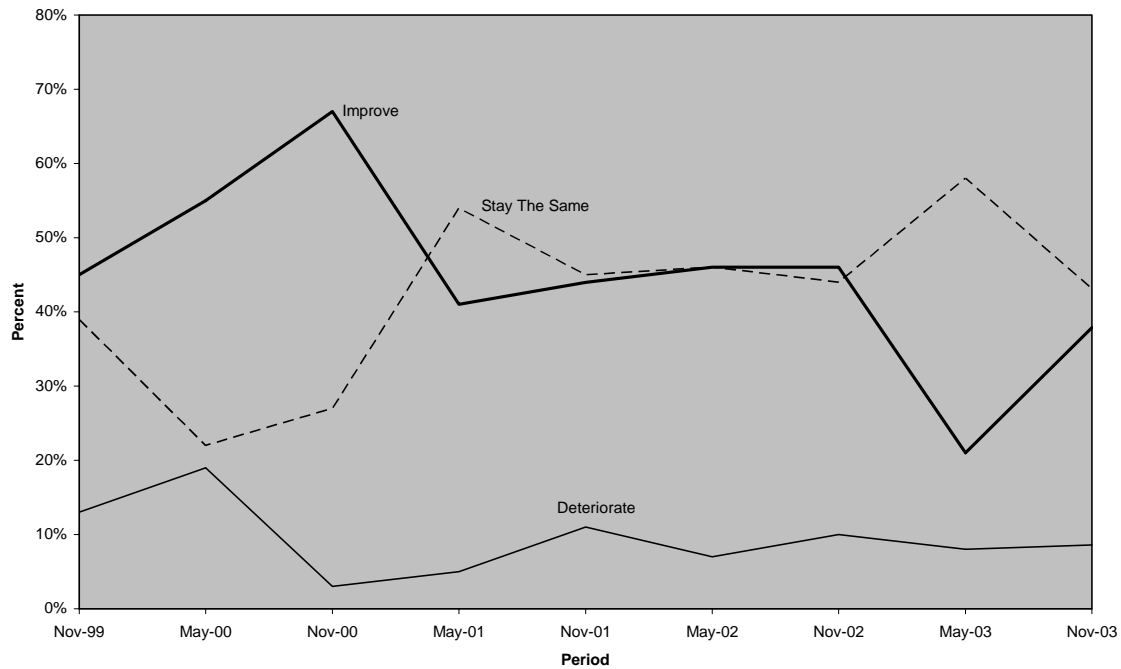
Compared to the previous May 2003 survey, there has been a significant decline in the proportion of businesses predicting export conditions will remain the same and an increase in the portion predicting an improvement in conditions.

“Better exchange rate reducing [import] prices”

Over time, export levels have fluctuated. Since the last business survey in May 2003, an increase in the proportion of respondents predicting export levels will improve is evident. This trend is coupled with a decrease in the proportion predicting export levels will remain the same.



Graph 14: Export Levels: Comparison of Results



Broken down regionally, 94.1% of Stratford based businesses reported not exporting at all. The largest portion of New Plymouth based businesses, 13.0%, predicted conditions will remain the same.

Overall, the majority of New Plymouth and South Taranaki based exporting businesses predict that export conditions are likely to remain the same over the coming six months. (NB: the limited number of respondents answering this section indicates results will not be 95% confident to +/-5%).

Table 10: Export Levels: Predictions for the Next 6 Months by Taranaki District

	% within Business location				Total
	Business location				
	New Plymouth District	South Taranaki District	Stratford District	Throughout Taranaki	
Improve	11.0%	9.3%		9.1%	9.6%
Remain the same	13.0%	11.1%			11.0%
Deteriorate	2.1%	1.9%	5.9%		2.2%
Do not export	70.5%	75.9%	94.1%	90.9%	74.6%
Don't know	3.4%	1.9%			2.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Analysing export levels across the industry sectors, it is evident that the majority of industries do not export. Of those industries that do, the 'transport/ communications' and 'manufacturing (other forms)' industries reported the most optimistic outlook for the coming six month period.

## 4.0 Comments on Taranaki Business Conditions

The survey provided respondents a section to express any pressing opinions or concerns relating to Taranaki business conditions. All together 148 of the 300 respondents made a comment in this section.

“The change to three monthly dispensing of prescriptions by government [will impact business]”

17.6% of specific comments were in relation to **compliance/ regulation**. Some particular comments were in relation to the recently approved four week holiday for all employees, the anti-smoking bill, and the pharmaceutical regulation.

“Four weeks holiday will impact eventually”

“Cost of emission testing in 2004/05”

17.6% of respondents expressed concerns about the **farming industry** and the effect this is having on Taranaki’s economy. This is a common theme identified in business surveys throughout the 2003 farming period.

“Farmers are a lot more cautious about spending at present”

“The high us dollar that reduces the payout to our farming clients”

There was also a significant portion, 10.1%, of comments in relation to the **New Zealand dollar**. As the strength of the New Zealand dollar can impact positively and negatively on businesses involved in exporting and importing, there were mixed views.

“Better exchange rate reducing prices”

“Uncertainty around future availability of natural gas”

The next most commented on topic (9.5%) was the **oil and gas fields** in Taranaki. Here respondents expressed concern for the lack of natural gas and the long term implications this may have on the local economy.

“Oil and gas exploration and the down stream effect on processing plants”

The remainder of common topics mentioned, collectively comprising of 16.9% of comments, were with reference to the affect of large chain businesses on smaller businesses, skills shortages, the building industry, the Taranaki population and national interest in the region and roading issues.

With the exception of the above specified topics, 22.3% of respondent comments were classified in the ‘other’ category.

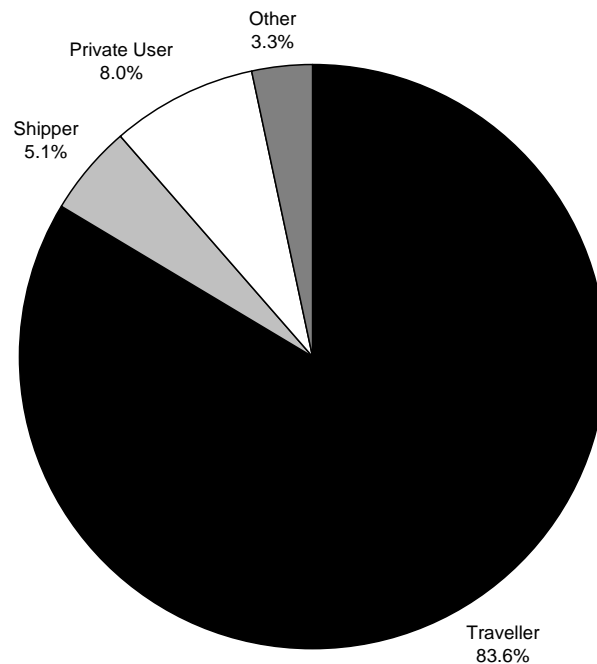
## 5.0 Special Topic: Potential New Plymouth Airport Redevelopment

Respondents were asked a number of questions relating to the potential redevelopment of the New Plymouth airport.

### 5.1 Customers of the New Plymouth Airport

Overall 82.0% of respondents indicated that they used the New Plymouth airport. Of these, 83.6% of responses indicated airport usage for domestic travel, while 8.0% used it for private flying/ chartering services. The remainder of responses indicated shipping and other uses. (Note: this is a multiple response question where respondents were able to select more than one option. Percentages are based on the number of cases).

Graph 15: Airport Redevelopment: Usage



Overall around 80% of businesses within each industry sector reported utilising the New Plymouth airport services. However, it is evident that some industries use airport services more than others; industries with a higher than average usage include the 'mining/ oil/gas' and 'electricity/ gas and water supply'. Conversely, industries with lower than average usage included the 'building and construction' and 'government / social services' industries.

When comparing airport usage across the Taranaki districts, the majority of businesses indicated utilising the New Plymouth airport services. 86.7% of New Plymouth, 81.0% of Stratford and 72.0% of South Taranaki based businesses reported utilising the New Plymouth airport services.

## 5.2 Schedules and Services

Respondents were asked if the current airport schedules and services were meeting their needs as a customer. Overall 86.6% of respondents reported that the airport did meet their needs while 13.4% indicated that the schedules and services did not meet their needs.

A popular issue identified by both respondents who indicated the services were not meeting their needs, and those that indicated services were included the flight times and destinations. Many comments were in relation to the lack of 'early bird' departures to Auckland and Wellington, one respondent commented "they remain quite inflexible really - further morning slots to Auckland and Wellington from 7.30am to 9.30am would be helpful".

"I would like more early morning flights to Wellington"

Others commented that they worked with the current schedules, all be it reluctantly; "don't have any other choice but to work with schedules given to us"

"We ensure we work around the present schedules available"

In addition to the lack of flights to Wellington and Auckland, a small portion of respondents indicated there were destinations that they found difficult to book. Destinations that respondents reported in this section included: Christchurch, Invercargill, Rotorua, Hamilton and Tauranga, Napier.

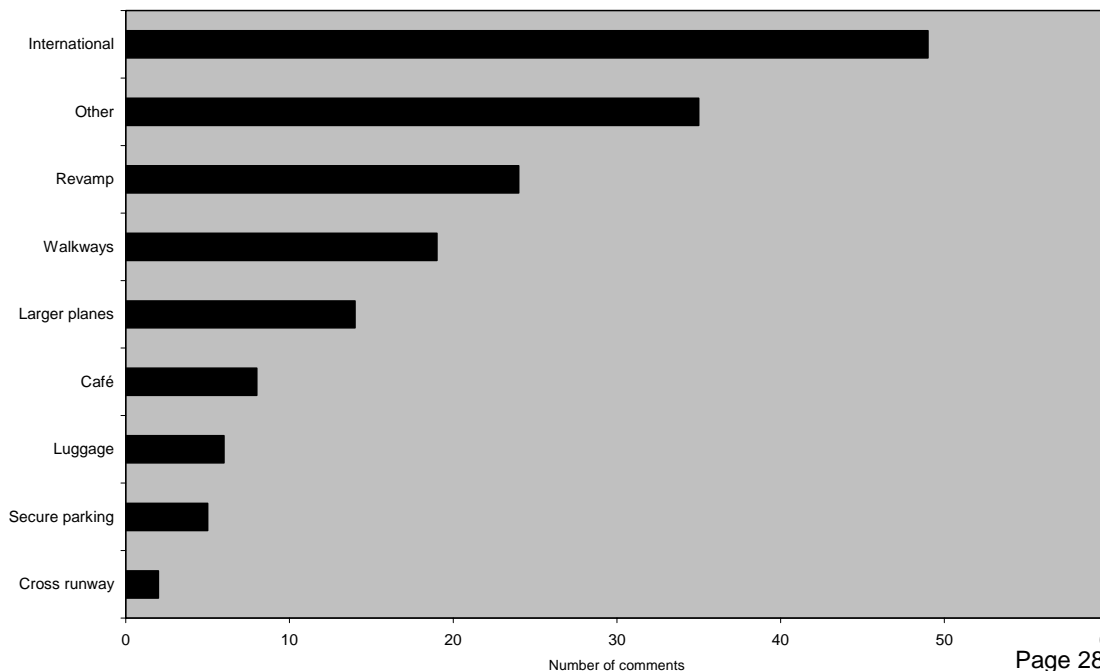
"A direct link to Tauranga and Napier would be handy at times"

## 5.3 Improvements

Respondents were asked what improvements, if any, they would like to see to enhance the New Plymouth airport. Overall 162 (54.0%) respondents made a comment in this section.

The other category comprises comment on issues such as roads, a cross runway, flight destinations, airport location in Taranaki, marketing, and other comments not commonly reported on.

Graph 16: Airport Redevelopment: Number of Respondent comments on specific topics



“Flights to Australia would be good, but probably already catered for by Auckland, Wellington and Palmerston North etc”

As the graph illustrates, the largest portion of suggestions were in relation to upgrading the airport to accommodate international flights. Many respondents made comments regarding modeling the upgrade from existing airports such as Palmerston North and Invercargill. Comments on this issue make up 30% of total comments and suggestions in this section. A significant portion of these comments were made with conditions, such as “only if an airline will fly internationally from New Plymouth”.

“An international airport would be helpful it could be available without too much rate payer’s costs”

“Weather resistant walkways from the car-park to terminal, and terminal towards where you board the plane”

14.8% of comments were in relation to the revamp of the airport – renovating internal area, entry ways and facilities. 4.9% of respondents mentioned the design of the café area specifically saying it was uninviting.

Another common issue identified was the lack of covered walkways from the terminal to the car-park and aircraft. 11.7% of responses in this section made reference to the need for covered walkways.

“Some form of passenger protection from Tasman weather when boarding would help”

A number of respondents touched on the idea of extending the runway to accommodate larger aircraft for domestic flights. A number of respondents who made this comment also commented that they did not want larger planes to come at the expense of flight frequency as one respondent wrote “please do not advocate for larger aircraft as that will most probably mean fewer flights”.

“Direct flights to Christchurch means bigger plans and improved runways”

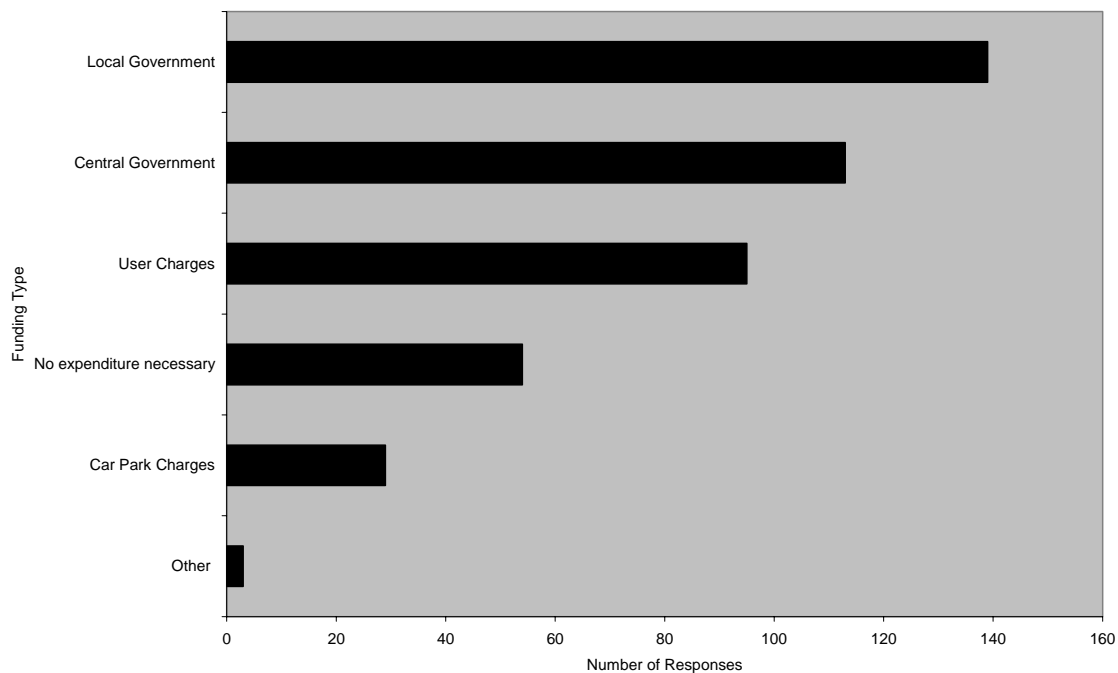
The luggage collection area was also commented on by a number of respondents, “more user-friendly baggage handling area”, “the only thing I feel is a better area for picking up luggage”.

## 5.4 Funding

Respondents were asked how they thought any improvements to the airport should be funded. (Note: this is a multiple response question where respondents were able to specify more than one option).

The most popular response was local government funding with 32.1% of responses. Following this was central government with 26.1% and user charges with 21.9%.

Graph 17: Airport Redevelopment: Funding



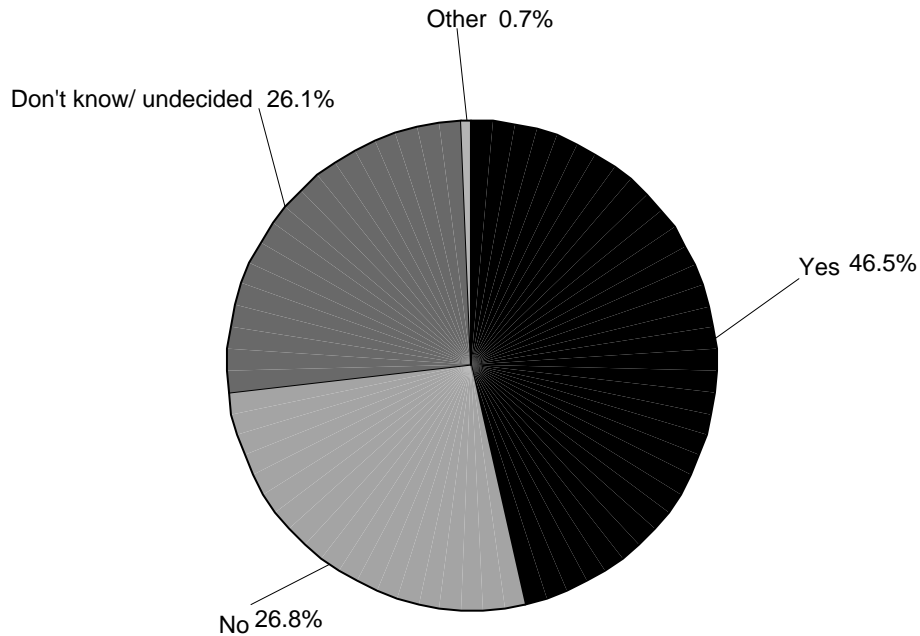
Other than government funding, user charges was the next most popular source of funding. Interestingly 12.5% of responses thought no expenditure was necessary.

Comments made in this section included “only if it [the upgrade] was through government funding, not tax payers” and “will support [the upgrade] but prefer no rates increase”.

## 5.5 Support for upgrading New Plymouth Airport to International Standard

Overall 46.5% of respondents reported they would support significant investment to upgrade the New Plymouth airport to international standard. 26.8% indicated they would not support an international airport upgrade while 26.1% said they didn't know or were undecided on the matter.

Graph 18: Airport Redevelopment: Support for an international Airport



Collectively 52.9% of respondents' reported that they either did not support an upgrade of the airport to international standard, or were undecided/ didn't know.

Of concern was the number of respondents who supported the upgrade that specified a condition of their support:

- "yes - only if an operator is in place to fly internationally"
- "only if an airline will fly internationally from New Plymouth"
- "If our company is hired for services annually"
- "Only if there is a real possibility of trans-tasman travel".

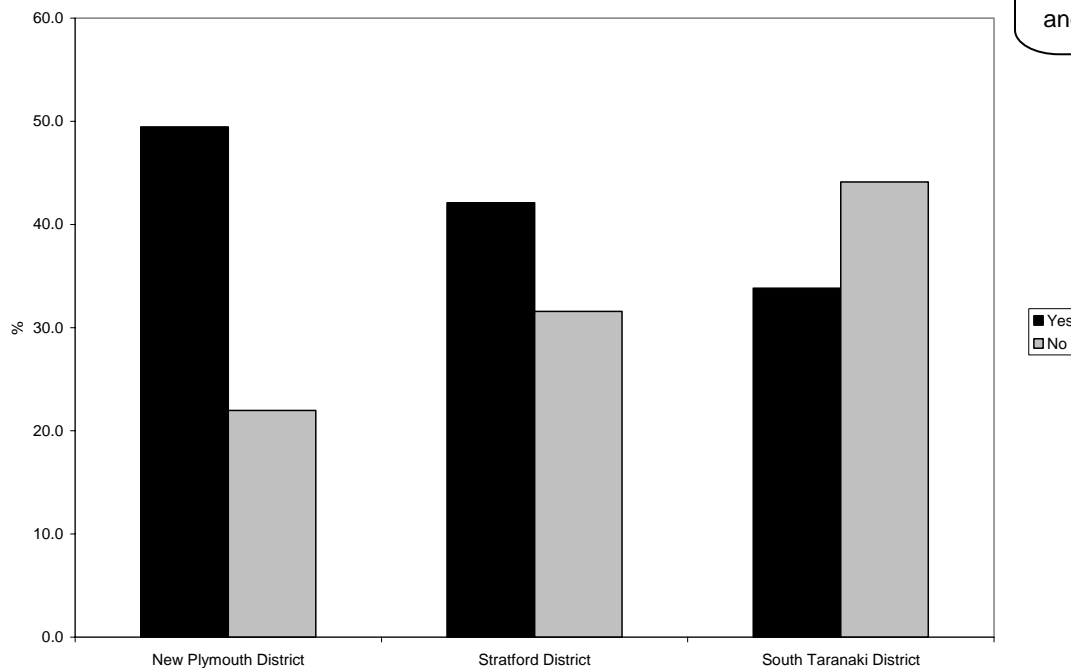
There were many comments in this section questioning why this was necessary for a population the size of New Plymouth/ Taranaki.

- “This is not top priority in my opinion. This is the last barrier holding back tourism growth in Taranaki”
- “The cost will be greater than benefits with present population levels”
- “Not required, do not have population base or the required tourist destination spots that would make international runway facilities viable”
- “This is a regional airport, we have enough international airports already for such a small country”

Overall it can be summarised that a large portion of respondents (46.5%) indicated that they would support the redevelopment of the New Plymouth airport to international standard. However, many respondents who reported this also specified a condition they believe should be met prior to the implementation of the upgrading. When analysed collectively, 52.9% of respondents reported that they don't know/ were undecided or did not support the redevelopment of the New Plymouth airport to international standard.

When analysed by Taranaki district it is apparent that support for such an upgrade is correlated with business location. 49.5% of New Plymouth based respondents reported that they would support an upgrade of the airport to international standard. The proportion of businesses that support the upgrade declines the further from the airport the business is located, while the number of businesses that don't support the upgrade increases. The below graph illustrates this relationship.

Graph 19: Airport Redevelopment: Support for an upgrade of the New Plymouth Airport (Analysis by District)



“I support enlarging the Hawera airport and runway”