

## **DECEMBER 2019 BUSINESS AND PUBLIC CONFIDENCE**

### **National Business and Rotorua Business and Public (Consumer) Confidence Survey Results**

**Prepared for : Rotorua Lakes Council**

**By : APR Consultants**

**Date : December 2019**



## INTRODUCTION

This report briefly outlines the results of surveys of businesses and the public in the Rotorua District. These surveys are undertaken six monthly. Although the business and public surveys were conducted separately, they were undertaken over the same time period. National business confidence results are also provided, courtesy of the ANZ Bank.

The results of each survey are expressed as a Net Index, which may be roughly described as the net percentage of the total sample. The Net Index reflects the overall level of confidence. The values of the Net Index range from -100 to 100. The closer the overall value is to 100, the higher the level of confidence, while a negative value indicates that more people in the sample think that the economic indicator being measured will get worse rather than improve in the period being considered. (NB, a *negative* value for responses relating to unemployment, prices or interest rates indicates that the majority of respondents expect these indicators to *rise*. Similarly, a *negative* value in relation to the item about purchases outside the district indicates an *increase* in out-of-district purchases).

In the following sections, the results of specific questions from each of the surveys are outlined, together with a brief comment on the results. The most recent surveys were undertaken in December 2019. Note that as from June 2001, the indexes are being updated six monthly instead of every quarter.

Although only data for the past 11 periods is shown, historical data available stretches back to May 1993.

## RESULTS SUMMARY

This report outlines the results of business and public confidence surveys undertaken in the Rotorua District in December 2019 and provides a comparison of the results of these surveys with previous surveys undertaken since December 2014. National business confidence results are also shown.

At a glance:	NC	=	No change, ie, less than 3.5 point change during the quarter
	↑	=	Increase in confidence
	↓	=	Decrease in confidence
	☺	=	Index is greater than 10 (ie, high confidence)
	☹	=	Index between 10 and –10 (ie, steady confidence)
	⊗	=	Index below –10 (ie, low confidence)
<i>Example: ↓ - ☺ = Index has dropped, but overall confidence is high</i>			

## ROTORUA BUSINESS CONDITIONS

Rotorua Business Conditions	New Zealand Businesses	Rotorua Businesses	Rotorua Public
Local General Business Conditions	n/a	☺	☹
Local Unemployment	n/a	☺	⊗
Local Real GDP / Economic Activity	n/a	☹	☹
Purchases - inside the district	n/a	☺	n/a
Promotional Activity	n/a	☹	n/a
Construction - residential	☹	☺	n/a
Construction - non-residential	☺	☺	n/a

The Rotorua business and public indexes both showed increasing confidence levels.

On a positive note, over the next 12 months Rotorua businesses expected profits to increase, personal incomes to increase and unemployment to reduce.

Local businesses expect general business conditions to increase, while households expect it to remain at December 2019 levels.

Businesses involved in exporting reported an expectation of increasing export levels.

Economic activity is expected to remain static at December 2019 levels.

A majority of Rotorua businesses report that their promotional budgets have remained static over the 12 months to December 2019.

Rotorua businesses expect local unemployment to reduce from December 2019 while Rotorua households expect it to increase.

On a negative note, prices were expected to increase.

Construction businesses in Rotorua expected volumes of residential and commercial construction to increase from December 2019 levels.

## NATIONAL BUSINESS CONDITIONS

National Business Conditions	New Zealand Businesses	Rotorua Businesses	Rotorua Public
National General Business Conditions	☹️	😊	😊
National Unemployment	☹️	😊	☹️
Interest Rates	😊	😊	☹️
National Real GDP/Economic Activity	😊	😊	😊
Real Business Activity / Personal Income	😊	😊	😊
Profits For Businesses	😊	😊	n/a
Employment For Businesses	😊	😊	n/a
Price of Goods and Services	☹️	☹️	☹️
Investment For Businesses	😊	😊	n/a
Exports	😊	😊	n/a

The national business indexes generally showed increases in confidence in the December 2019 survey round.

Nationally, businesses expected interest rates to decrease. Real business activity is expected to increase, and personal incomes are expected to increase.

Investment levels are expected to remain static as are business employment levels. Profits for businesses were also expected to remain static.

On the negative side all groups showed an expectation of raising prices. National businesses reported an expectation of national general business conditions reducing.

Businesses involved in exporting, reported an expectation of static export volumes from December 2019 levels.

### Overall summary of indexes

	Index	Number
<b>Positive indexes</b>	😊	<b>15</b> indexes
<b>Static indexes</b>	😊	<b>15</b> indexes
<b>Negative indexes</b>	☹️	<b>8</b> indexes

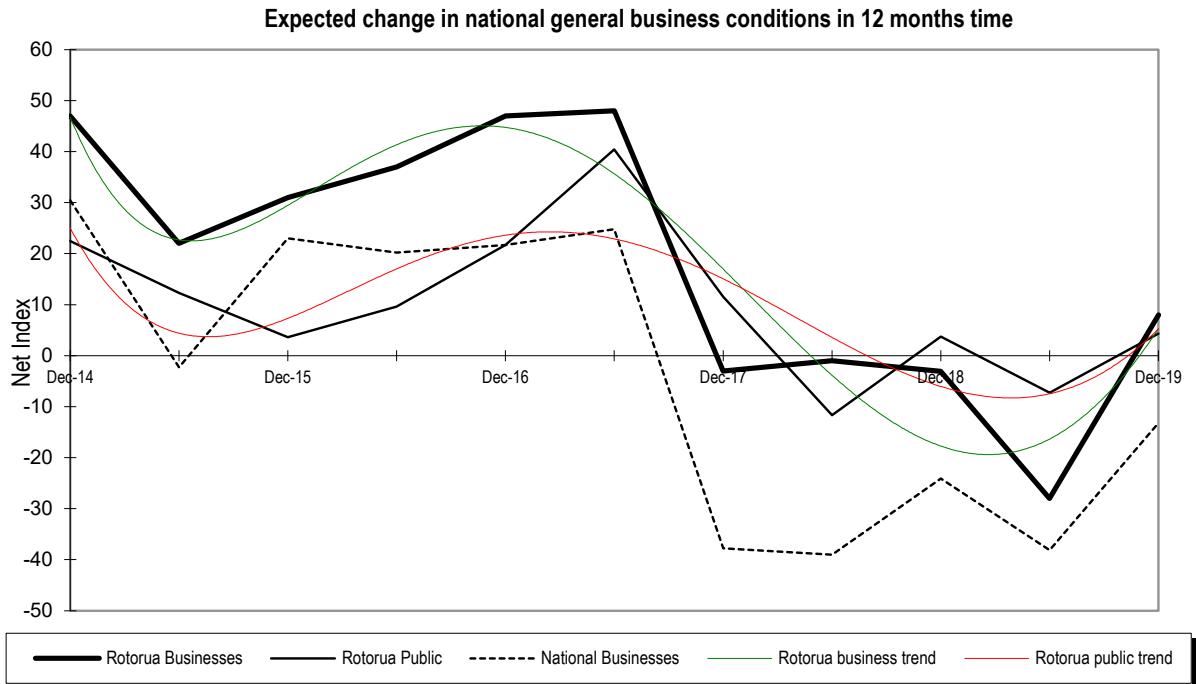
# FULL RESULTS

## National General Business Conditions

NZ Business ↑ - ☹️

Rotorua Business ↑ - ☹️

Rotorua Public ↑ - ☹️



All indexes showed increases in confidence regarding national general business conditions, with Rotorua businesses and households expecting it to remain static while although being more confident, nationally a majority of businesses expected national general business conditions to decrease.

The Rotorua businesses index increased by 36.0 points in December 2019, taking it to 8.0. Despite the increase in confidence, this neutral index indicated that a majority of Rotorua businesses expected national general business conditions to remain steady on increase slightly from December 2019 levels over the 12 months to December 2020.

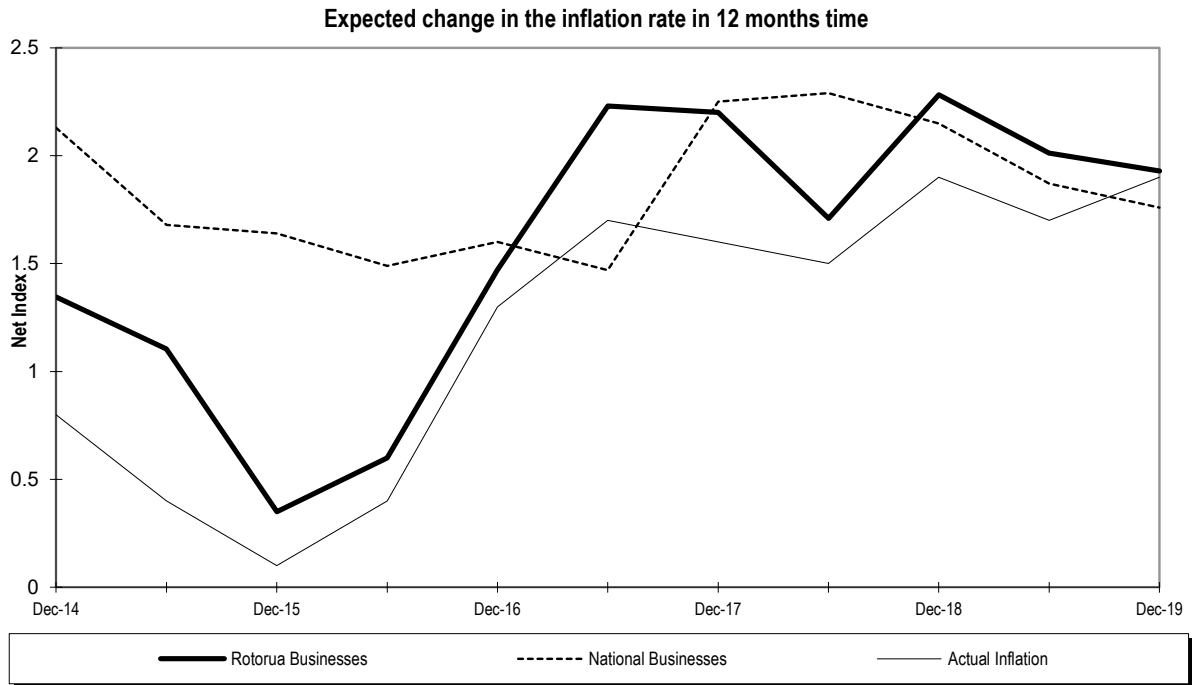
The Rotorua household index increased by 11.6 points, taking it to 4.3. This indicated that like their business counterparts, a majority of householders in Rotorua expected national general business conditions to either remain stable or increase slightly from December 2019 levels over the 12 months to December 2020.

The national business index increased by 24.9 points. Despite the increase, the index is still in negative territory with an index of -13.2 points and indicated that businesses nationally expected national general business conditions to decrease from December 2019 levels.

## Inflation Rate

NZ Business ↓

Rotorua Business ↓



Rotorua businesses were expecting inflation to decrease over the 12 months to December 2020, with an expected decrease of -0.08%, taking expected inflation to 1.9% year on year.

Businesses nationally reported an expectation that inflation levels would decrease, with expected inflation decreasing by -0.11% to 1.76%.

The actual inflation rate for December 2019, as measured by the Consumer Price Index, was 1.9% from the same time last year. This was an increase of 0.2% from the June 2019 rate of 1.7%.

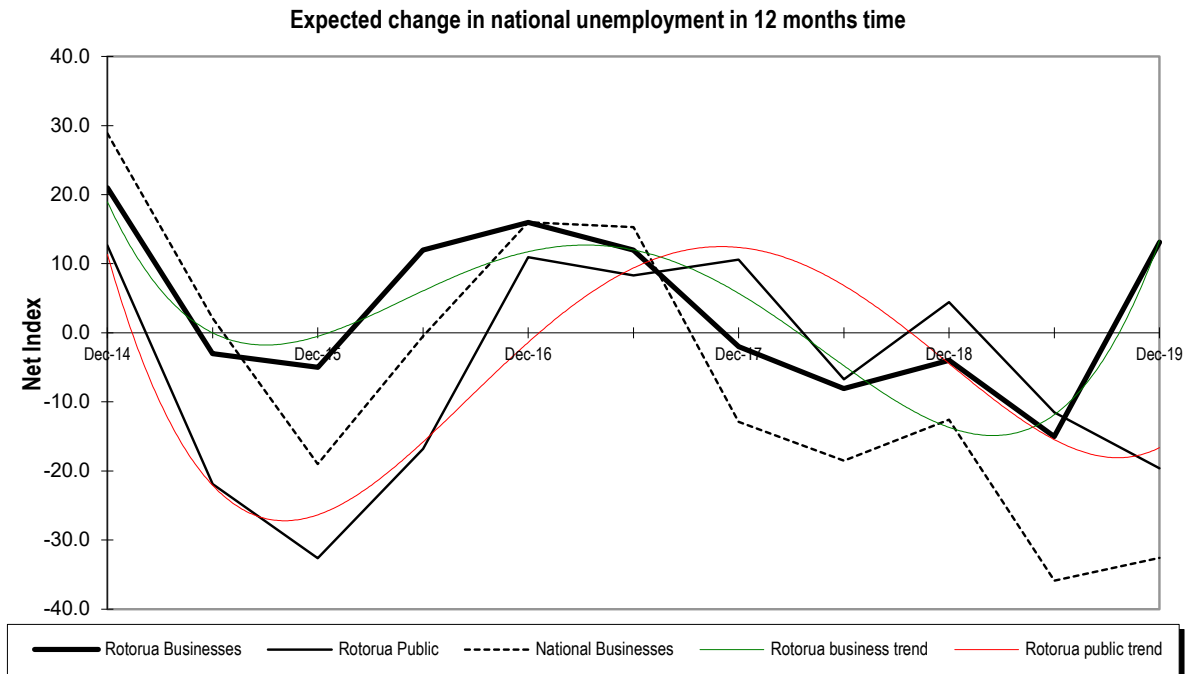
Looking back to last year, Rotorua businesses predicted inflation would be at 2.3% in December 2019 and New Zealand businesses were expecting it to reach 2.15%.

## National Unemployment

NZ Business NC - ☹️

Rotorua Business ↑ - 😊

Rotorua Public ↓ - ☹️



Rotorua businesses reported an increase in confidence with the index increasing by 28.1 points to 13.1. This increase in the index indicated that a majority of Rotorua businesses expected unemployment to decrease from December 2019 levels over the 12 months to December 2020.

The Rotorua public index decreased by -8.1 points, taking it to -19.6. This negative index indicated that a majority of Rotorua households expected unemployment nationally to increase from December 2019 levels over the 12 months to December 2020.

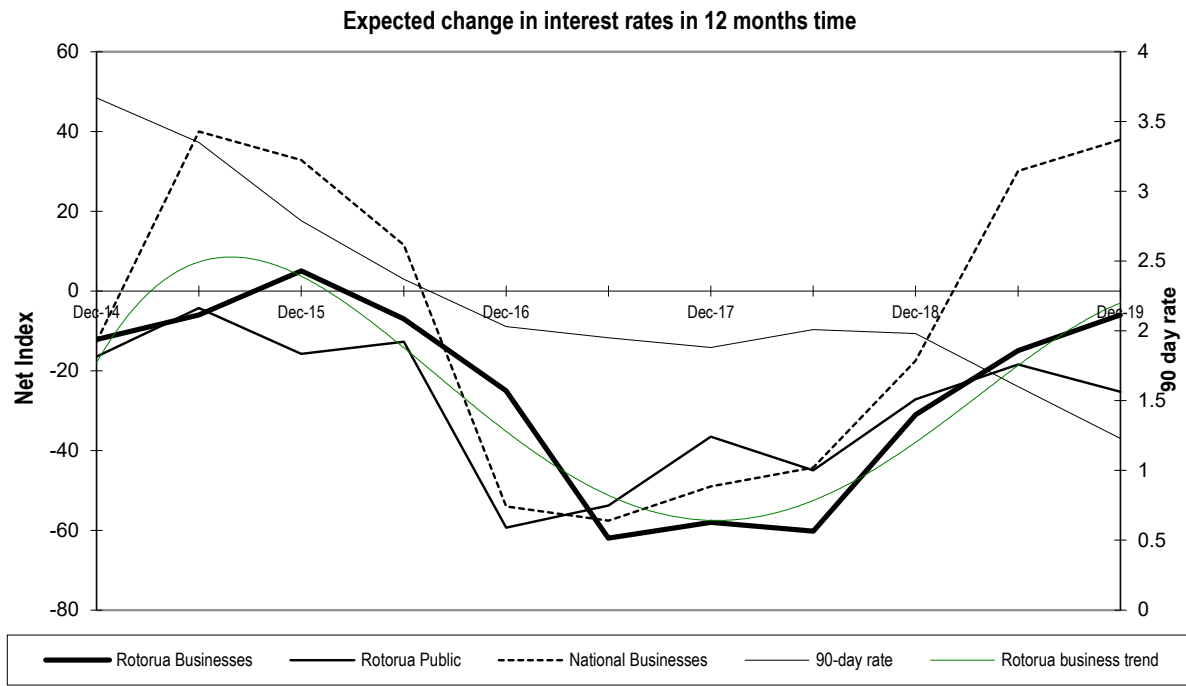
The national business index increased slightly by 3.3 points, taking it to -32.6. Despite the small increase, the index is in negative territory and indicated that a majority of national businesses expected unemployment to increase from December 2019 levels.

## Interest Rates

NZ Business ↑ - 😊

Rotorua Business ↑ - 😊

Rotorua Public ↓ - 😞



Rotorua businesses reported an increase in confidence regarding expected interest rates in 12 months' time. The index increased by 9.0 points, taking it to -6.0. Despite the increase in confidence, this neutral index indicated that a majority of Rotorua businesses expected interest rates to remain at December 2019 levels over the year to December 2020.

Rotorua householders reported a decrease in confidence from the June 2019 survey. The index decreased by 6.9 points taking it to -25.3. This negative index indicated that a majority of Rotorua households expected interest rates to increase from December 2019 levels over the year to December 2020.

Nationally, businesses reported an increase in confidence with the index increasing 7.8 points from June 2019, taking the national business index to 37.9. This positive index indicated that the majority of national businesses expected interest rates to decrease from December 2019 levels.

The December 2019, 90-day rate decreased by -0.37 over the six months from June 2019, decreasing from 1.60 in June 2019 to 1.23 in December 2019.

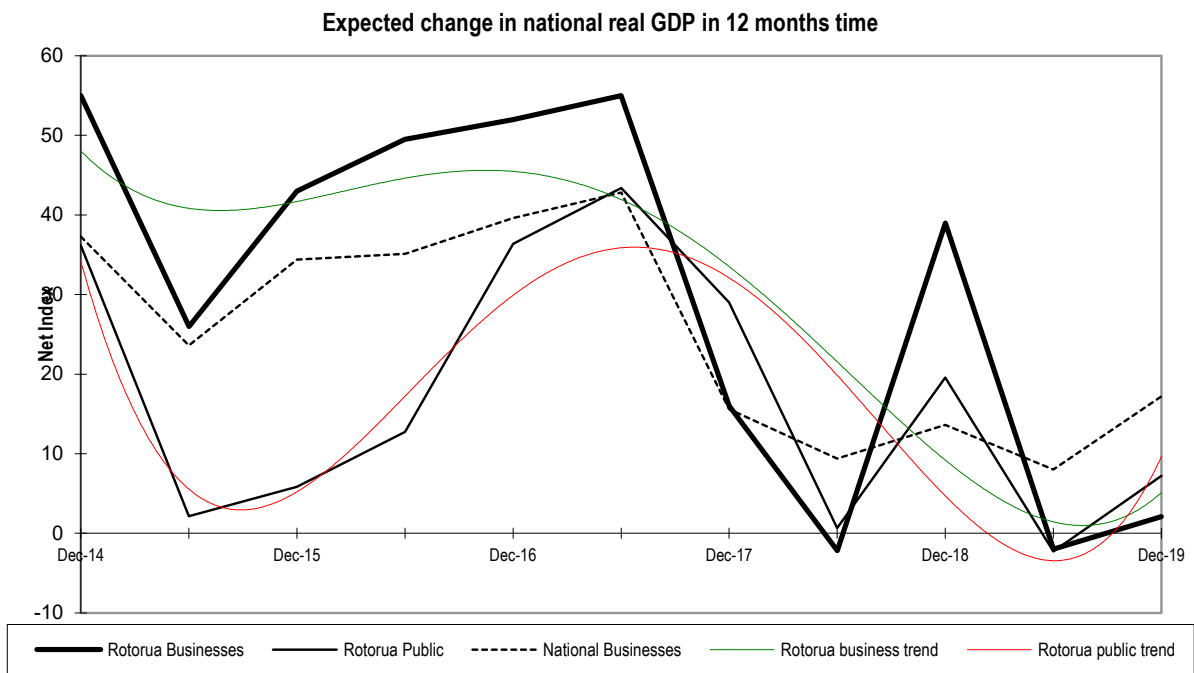


## National Real GDP/Economic Activity

NZ Business ↑ - 😊

Rotorua Business ↑ - 😊

Rotorua Public ↑ - 😊



All three indexes showed an expectation of static to increasing economic activity.

Rotorua businesses reported an increase in confidence during the December 2019 survey, with the index increasing by 4.1 points, taking it to 2.1. This neutral index indicated that the majority of Rotorua businesses expected national real GDP to remain at December 2019 levels over the 12 months to December 2020.

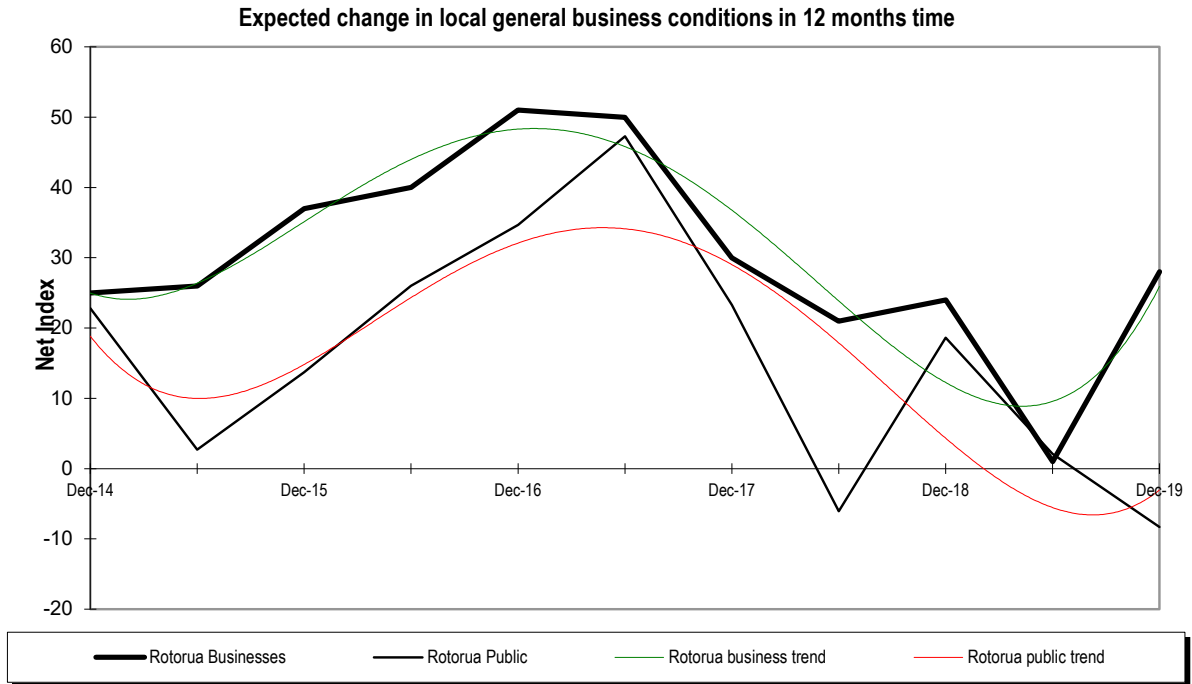
Rotorua households also reported an increase in confidence with the index raising 9.5 points, taking it to 7.2. This put the index into neutral territory and indicated that like their business counterparts, a majority of Rotorua households expected levels to remain static at December 2019 levels over the 12 months to December 2020.

Nationally, the business index increased by 9.2 points, taking it to 17.2. This took the index into positive territory and indicated that the majority of national businesses predicted that national real GDP would increase from December 2019 levels.

## Local General Business Conditions

Rotorua Business ↑ - 😊

Rotorua Public ↓ - 😐



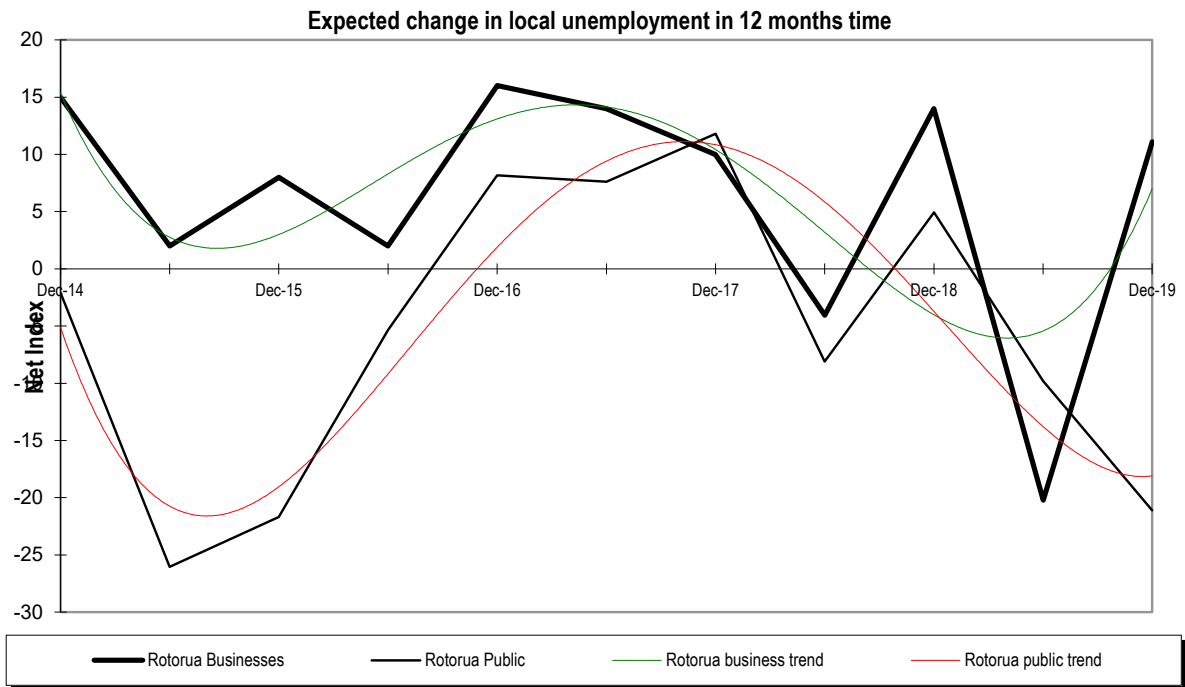
The Rotorua business index increased by 27.0 points, taking the index to 28.0. This took the index into positive territory and indicated that a majority of Rotorua businesses expected local general business conditions to increase from December 2019 levels over the 12 months to December 2020.

The Rotorua household index decreased by -10.4 points and taking it to -8.3. This neutral index indicated that the majority of Rotorua households expected local general business conditions to remain static at December 2019 levels over the year to December 2020.

## Local Unemployment

Rotorua Business ↑ - 😊

Rotorua Public ↓ - ☹️



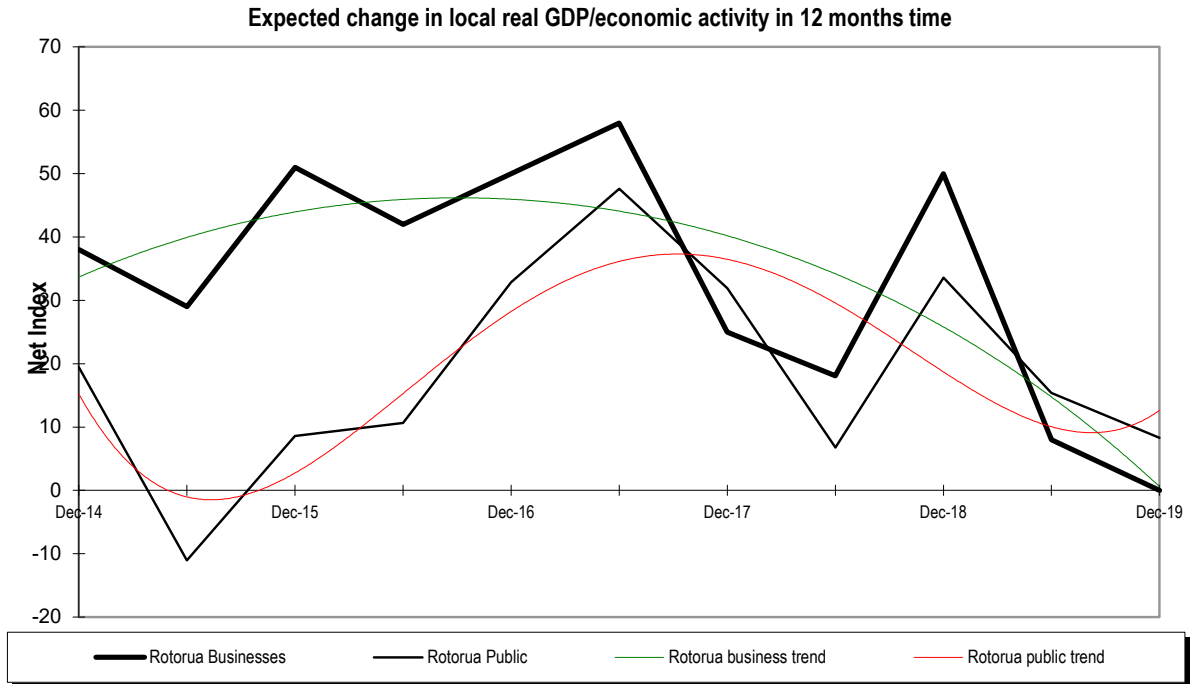
The Rotorua business index increased by 31.3 points during the December 2019 survey, taking it to 11.1. This took the index back into positive territory and indicated that the majority of Rotorua businesses expected local unemployment to reduce from December 2019 levels over the 12 months to December 2020.

Rotorua households reported a decrease in confidence of -11.3 points, taking the index to -21.1. This negative index indicated that Rotorua householders expected local unemployment to increase from December 2019 levels over the 12 months to December 2020.

## Local Real GDP / Economic Activity

Rotorua Business ↓ - ☹

Rotorua Public ↓ - ☹



Rotorua businesses reported a decrease in confidence of -8.0 points during the December 2019 survey. This took the index to 0.0. This neutral index indicated that Rotorua businesses expected economic activity to remain at December 2019 levels over the 12 months to December 2020.

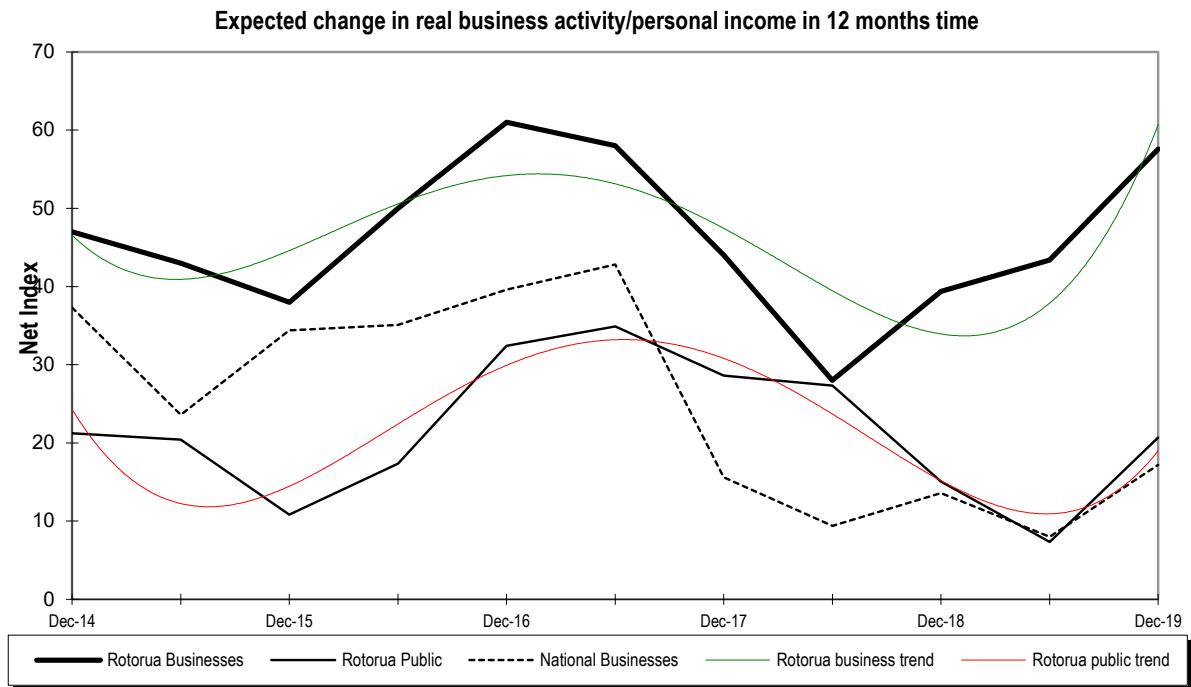
Rotorua households also reported a decrease in confidence with the index dropping -7.1 points, taking the index to 8.3. This decrease took the index into neutral territory and indicated that a majority of Rotorua households expected business activity to remain static at December 2019 levels over the 12 months to December 2020.

## Real Business Activity / Personal Income

NZ Business ↑ - 😊

Rotorua Business ↑ - 😊

Rotorua Public ↑ - 😊



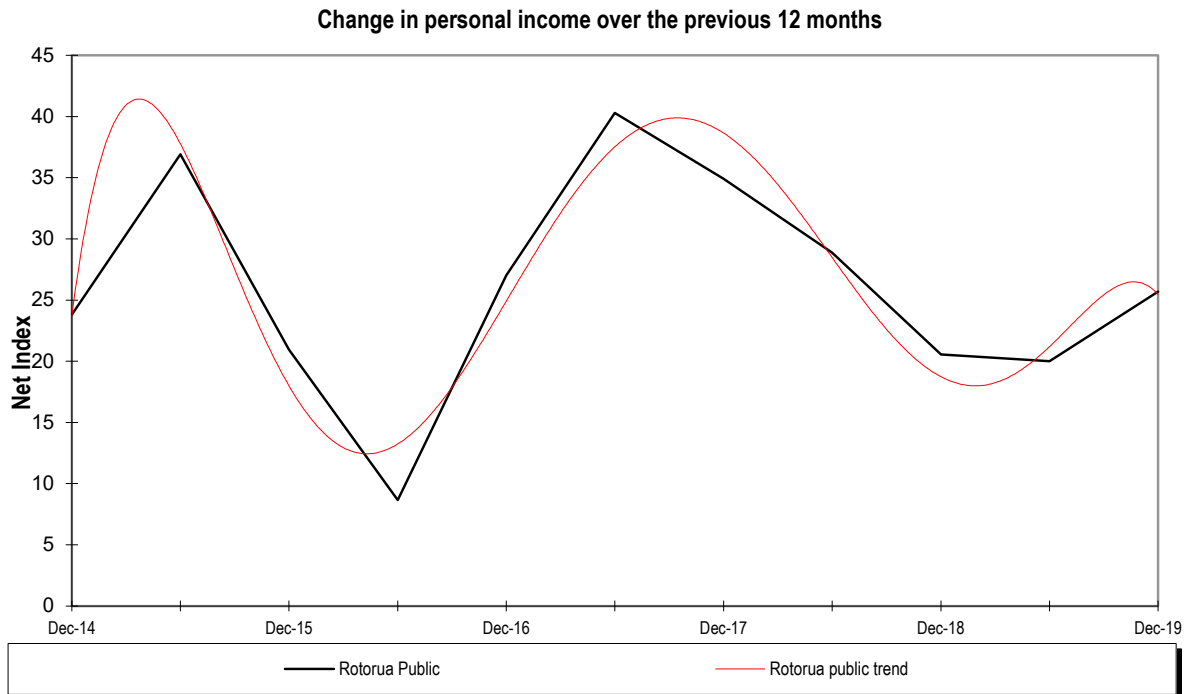
Rotorua businesses reported an increase in confidence over the six months from June 2019, with the index increasing 14.2 points to 57.6. This positive index indicated that the majority of Rotorua businesses were confident of increased income levels over the 12 months to December 2020.

The Rotorua public index also increased, raising by 13.4 points, taking it to 20.7. This positive index indicated that a majority of Rotorua residents expected their personal income to increase from December 2019 levels over the 12 months to December 2020.

Nationally, the business index increased by 9.2 points, taking it to 17.2. This took the index into positive territory and like their Rotorua counterparts, indicated that a majority of national businesses expected their income levels to increase from December 2019 levels.

## Change in Personal Income

Rotorua Public ↑ - 😊

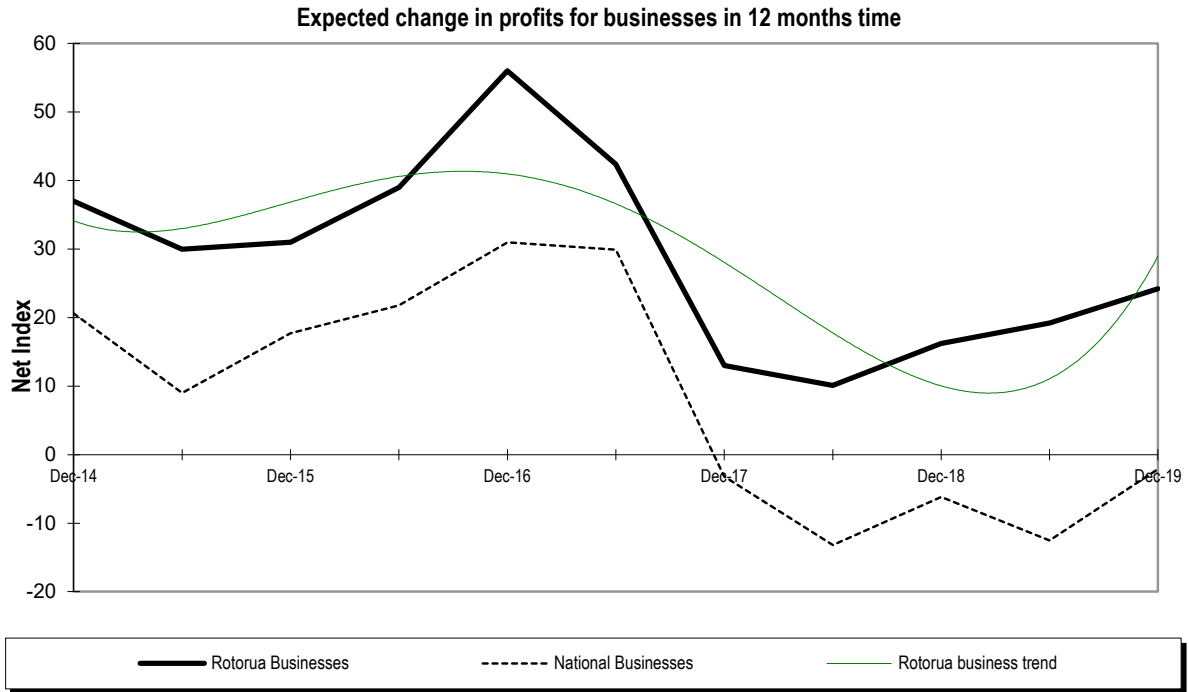


The Rotorua public index increased by 5.7 points during the December 2019 survey, taking the index to 25.7. This positive index indicated that most people had increased their personal income over the 12 months prior to December 2019.

## Profits for Businesses

NZ Business ↑ - 😊

Rotorua Business ↑ - 😊



Rotorua businesses reported an increase in confidence with regard to their profit levels over the 12 months to December 2020. The Rotorua business index increased by 5.0 points, taking it to a value of 24.2. This positive index indicated that a majority of Rotorua businesses expected profits to increase from December 2019 levels over the year to December 2020.

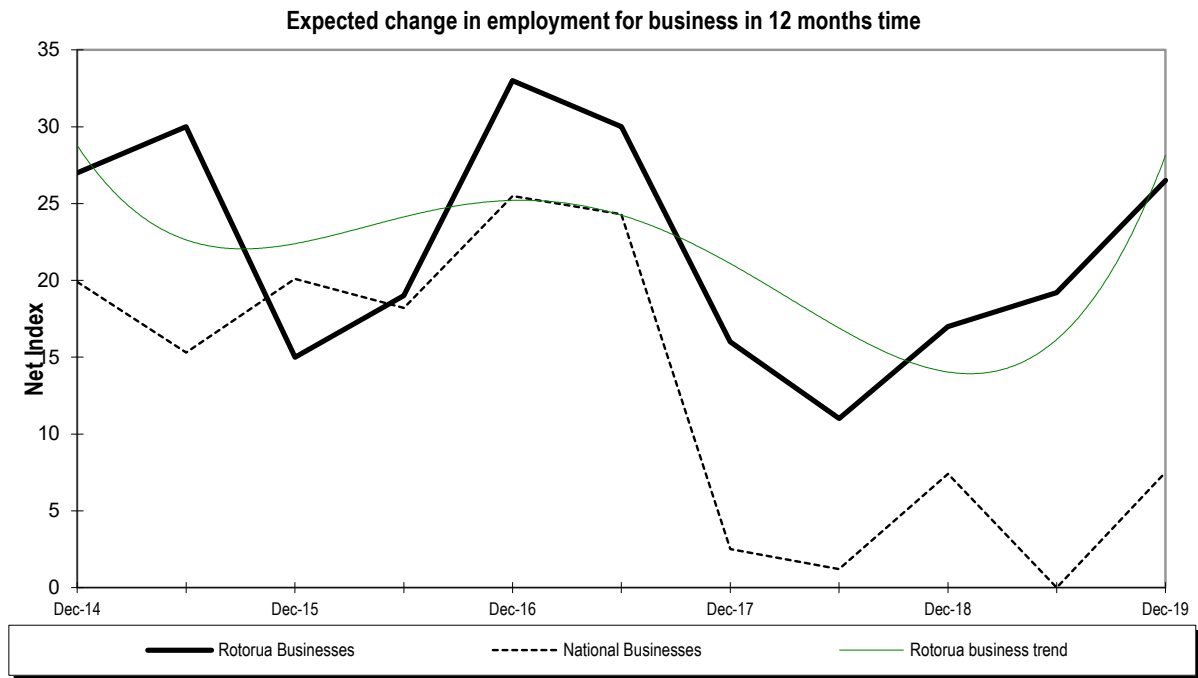
The National business index increased by 10.4 points, taking the December 2019 index to -2.1. This neutral index indicated that a majority of businesses nationally expected profits to remain at December 2019 levels.

In conclusion, the majority of Rotorua businesses expected an increase in their profit levels from December 2019 while nationally businesses expected profit levels to remain static.

## Employment for Businesses

NZ Business ↑ - 😊

Rotorua Business ↑ - 😊



Rotorua businesses reported an increase in confidence regarding levels of employment over the 12 months to December 2020. The index increased by 7.3 points taking it to 26.5. The positive index indicated that the majority of Rotorua businesses expected to employ an increased number of workers over the year to December 2020 than they did in December 2019.

Nationally, businesses reported an increase in confidence of 7.5 points, taking the index to 7.5. This neutral index indicated that nationally businesses expected to employ a similar number of workers than the numbers they employed in December 2019.

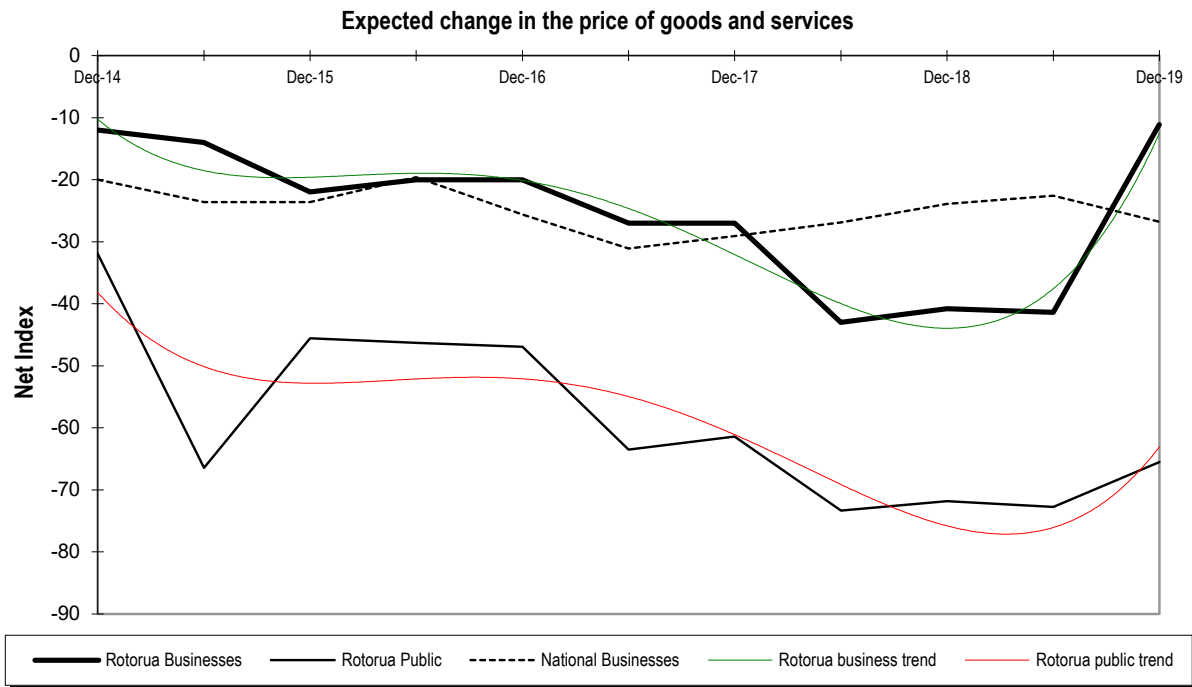


## Price of Goods and Services

NZ Business ↓ - ☹️

Rotorua Business ↑ - 😊

Rotorua Public ↑ - 😊



All three indexes indicated an expectation of price rises.

Rotorua businesses confidence increased by 30.3 points, taking the index to -11.1. Despite the increase in confidence, the negative index indicated that a majority of Rotorua businesses expected the price of their goods and services to increase over the three months to March 2020.

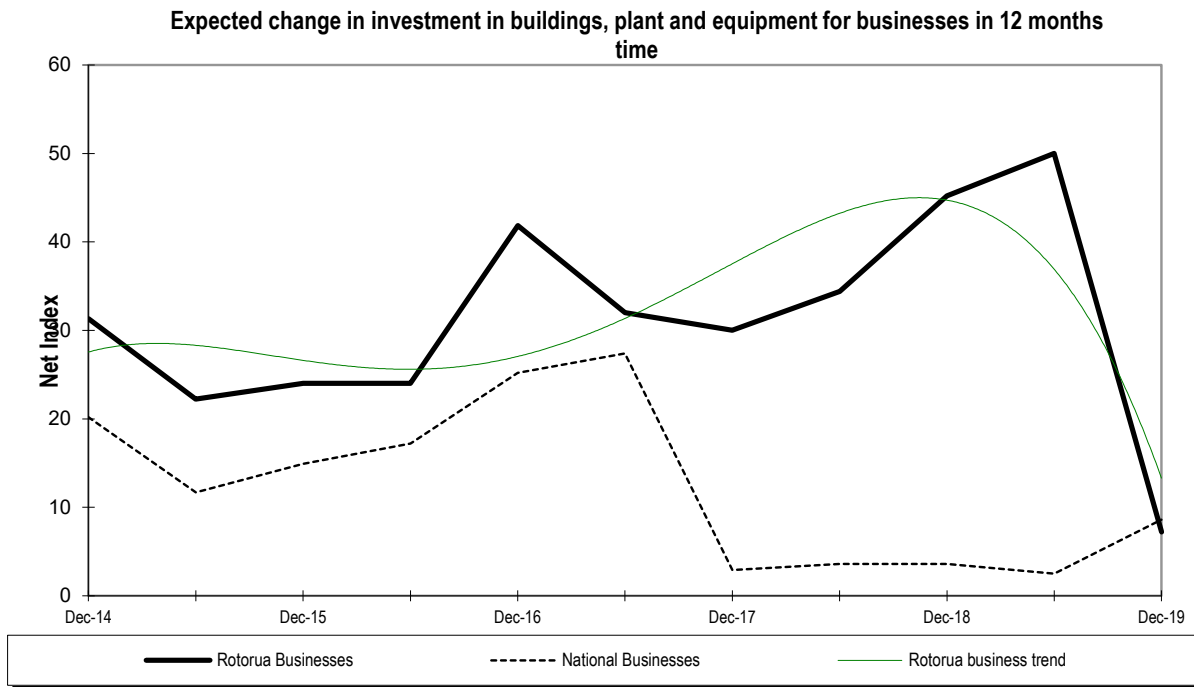
Rotorua householders reported an increase in confidence of 7.2 points, taking the index to -65.5 points. This negative index indicated that the majority of Rotorua householders believed that prices would increase over the three months to March 2020.

Nationally, businesses reported a decrease in confidence for December 2019, with the index dropping -4.2 points to -26.8. The negative index indicated that a majority of businesses nationally expected prices to increase from December 2019 levels.

## Investment for Businesses

NZ Business ↑ - 😊

Rotorua Business ↓ - 😞



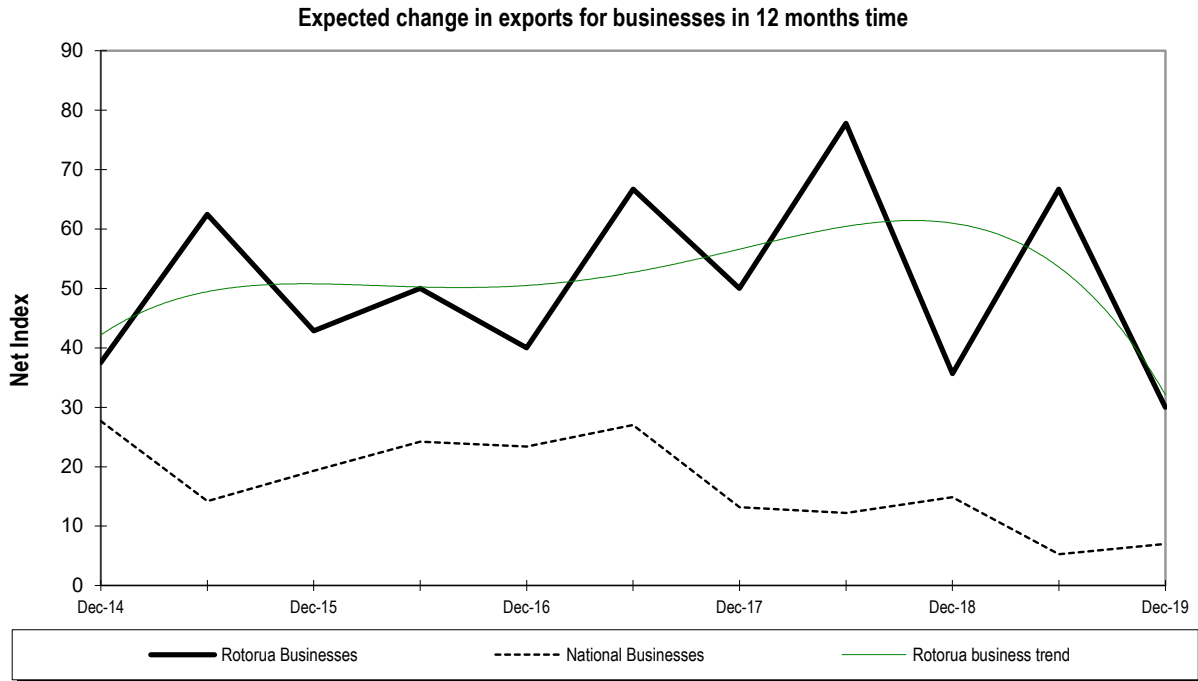
Rotorua businesses reported a large decrease in their index, with the index dropping -42.8 points to 7.2. This neutral index indicated that a majority of Rotorua businesses expected investment back into their businesses over the 12 months to December 2020, to remain at December 2019 levels.

Nationally, businesses reported a slight increase in confidence with the index increasing 6.1 points, taking the index to 8.6. This neutral index indicated that businesses nationally expected to invest similar amounts into their businesses than they did in December 2019.

## Exports

NZ Business NC - 😊

Rotorua Business ↓ - 😊



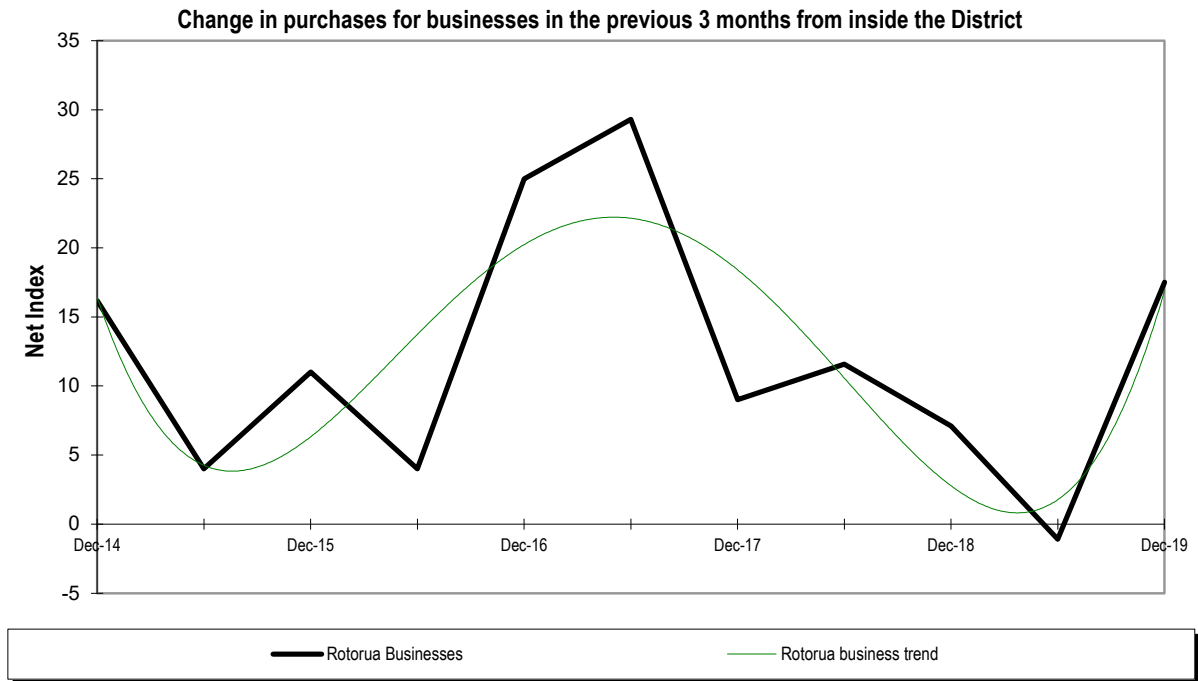
Rotorua businesses involved in exporting reported a decrease in confidence regarding the volume of products to be exported over the 12 months to December 2020. The index decreased -36.7 points to reach 30.0 points. Despite the drop, this positive index indicated that the majority of export businesses expected levels of exports to increase from December 2019 levels over the 12 months to December 2020.

Nationally, businesses involved in exporting reported a slight increase in confidence of 1.7 points, taking the index to 7.0. This neutral index indicated that a majority of export businesses nationally expected their volume of exports to remain at December 2019 levels.

## Purchases

### Inside the District

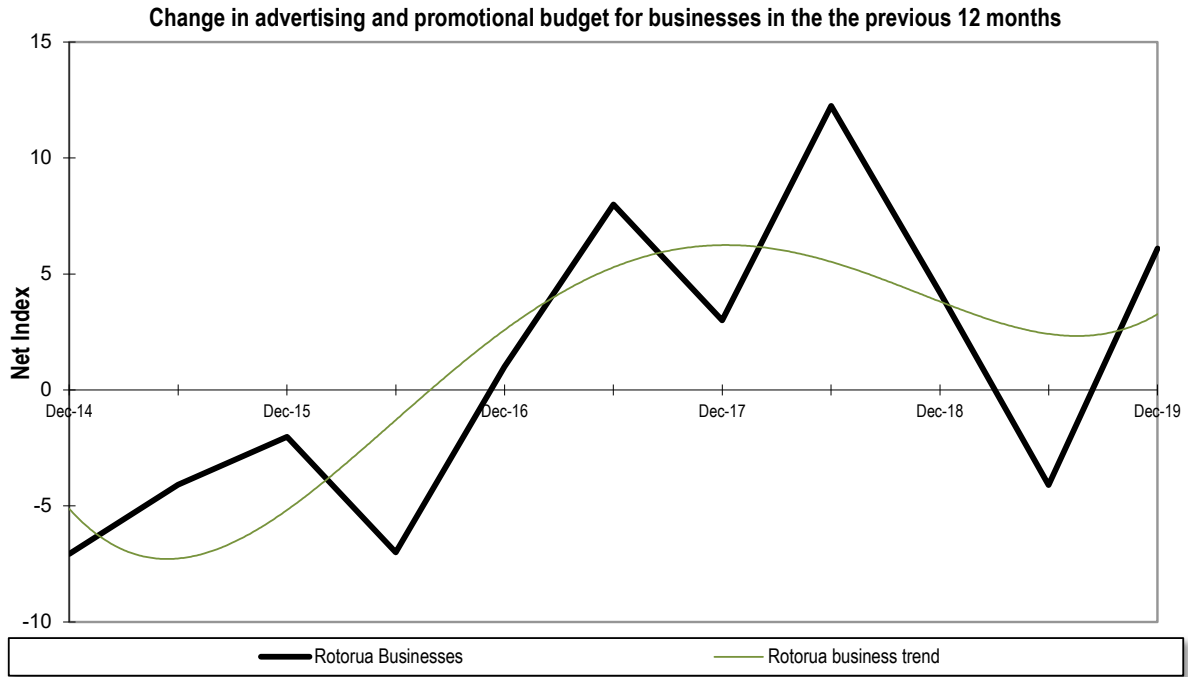
### Rotorua Business ↑ - 😊



Rotorua businesses reported spending more from inside the district in December 2019 compared to June 2019. The index increased by 18.6 points taking it to 17.5. This positive index indicated that a majority of businesses purchased more products or services from inside the district than they had from outside it.

## Promotional Activity

Rotorua Business ↑ - 😊



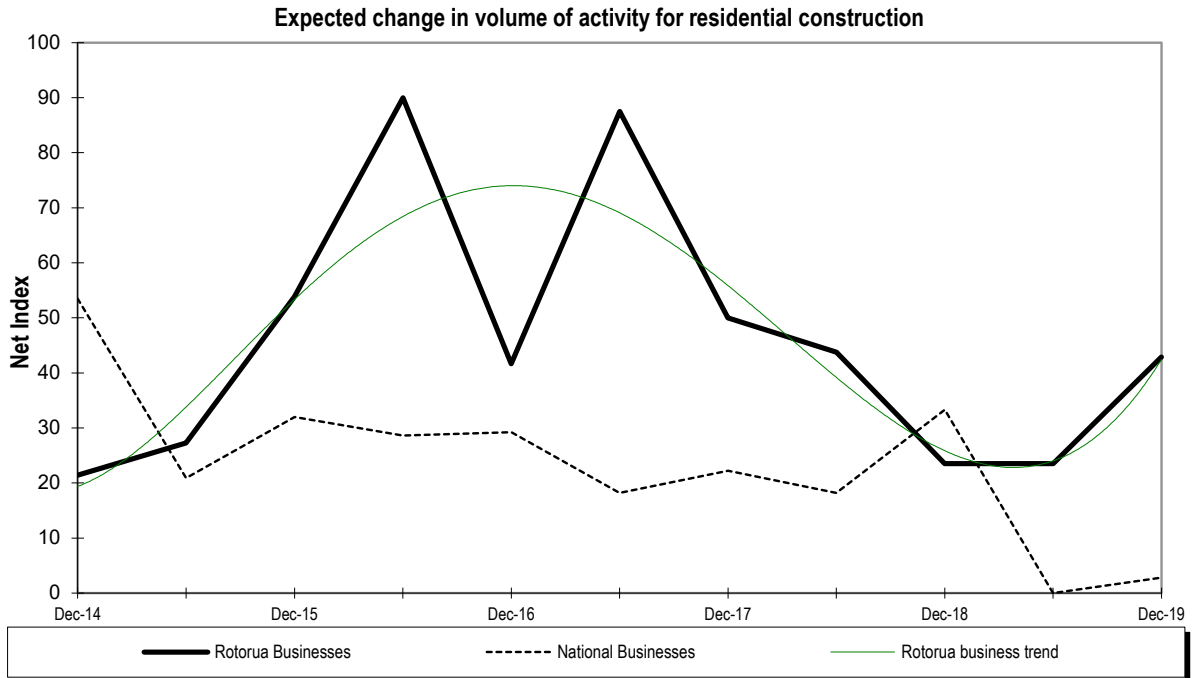
Rotorua businesses reported an increase in confidence since December 2018. The December 2019 index increased by 10.2 points taking it to an index of 6.1. This neutral index indicated that a majority of businesses had kept their promotional budgets at December 2018 levels over the year to December 2019.

## Construction

### Residential Construction

NZ Business NC - 😊

Rotorua Business ↑ - 😊



Rotorua businesses involved in residential construction reported an increase in confidence with regards to their upcoming volume of work. The Rotorua business index increased by 19.4 points to 42.9. This positive index indicated that the majority of construction businesses expected the volume of their residential construction to increase from December 2019 levels.

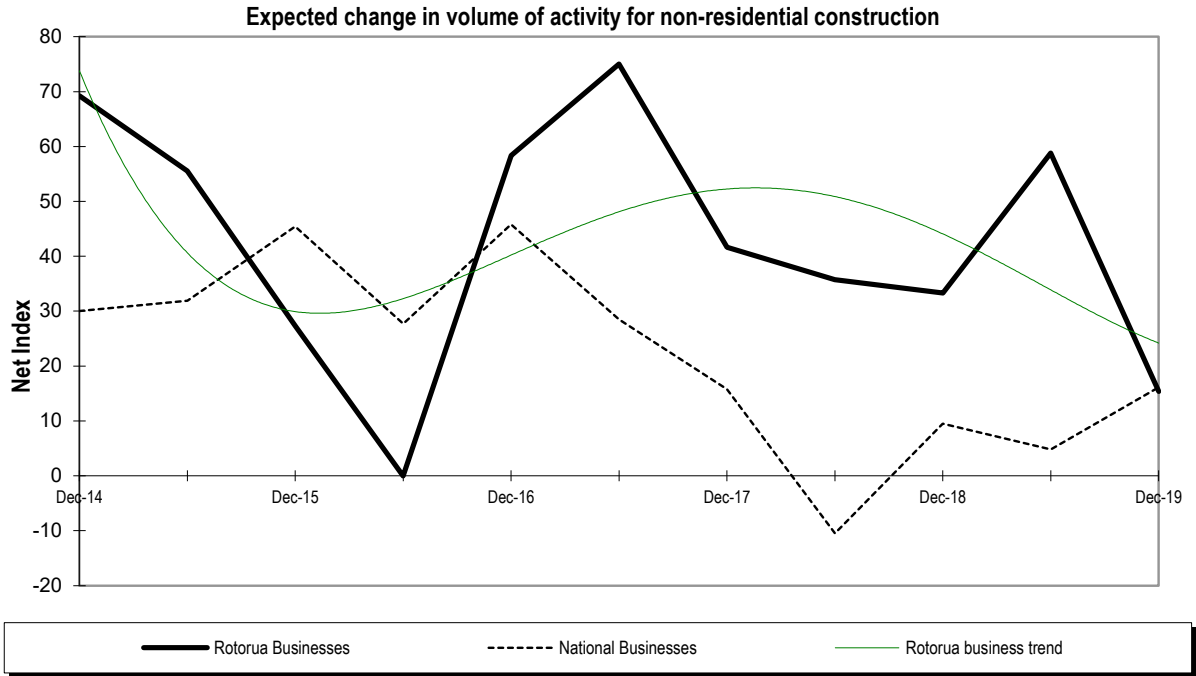
Nationally, construction businesses reported a slight increase in confidence of 2.8 points, taking the index to 2.8. This neutral index indicated that nationally, construction businesses involved in residential construction predicted that the volume of their residential construction work would likely remain at December 2019 levels.

Rotorua construction businesses reported an expectation of increasing levels of residential construction while national businesses expect levels to remain static.

## Non-residential Construction

NZ Business ↑ - 😊

Rotorua Business ↓ - 😞

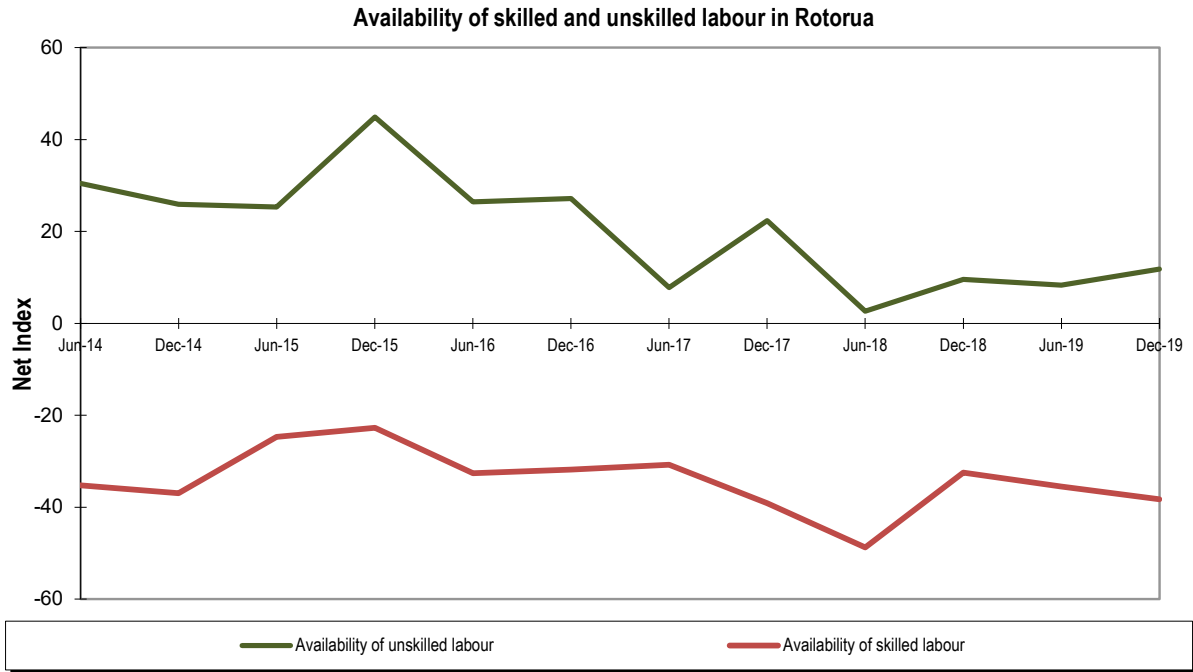


Rotorua construction businesses reported a decrease in confidence regarding their expected volume of upcoming non-residential construction. The index decreased by -43.4 points, taking it to 15.4. Despite the drop in confidence, the positive index indicated that the majority of Rotorua construction businesses expected their volume of commercial construction to increase from December 2019 levels.

Nationally, construction businesses reported an increase in confidence of 11.3 points, taking the national business index to 16.1. This positive index indicated that the majority of national businesses expected levels of non-residential construction to increase from December 2019 levels.

## ROTORUA SKILLS AVAILABILITY

From June 2014, Rotorua Businesses were asked how they rated the availability of skilled and unskilled labour in Rotorua. The results are as follows.



### Availability of Rotorua Unskilled Labour – December 2019

Availability of unskilled labour	Number	Percent	% ex non spec
Excellent	4	4.0%	4.3%
Good	31	31.0%	33.3%
Average	34	34.0%	36.6%
Poor	16	16.0%	17.2%
Very poor	8	8.0%	8.6%
Don't know	6	6.0%	
Not specified	1	1.0%	
<b>Total</b>	<b>100</b>	<b>100.0%</b>	<b>100.0%</b>

In December 2019, Rotorua businesses were asked how they rated the availability of unskilled labour in Rotorua. This was asked using a five-point Likert scale ranging from excellent to very poor. When asked about the availability of unskilled labour in Rotorua, 37.6% of respondents rated it as excellent or good, 36.6% as average and 25.8% as poor or very poor. From these responses received, an index of 11.8 was determined. This indicated that a majority of Rotorua businesses believed that the availability of unskilled labour in Rotorua was average.

The index for December 2016 was 27.2, the June 2017 index reached 7.8, the December 2017 index was 22.4, the June 2018 index was 2.7, the December 2018 index was 9.6, the June 2019 index was 8.3 and the December 2019 index was 11.8. This was an increase in the index of 3.5 points. The positive index indicated positive confidence in businesses ability to source unskilled labour in Rotorua during December 2019.



Availability of unskilled labour comments:

Comments for a rating of excellent:

No comments.

Comments for a rating of good:

- Easily available.
- Lots of students but no qualifications.
- More unskilled but willing to do work.
- Plenty of it but don't want to work.
- Plenty of unskilled people. Absolutely shocking.
- Plenty of unskilled.
- Same as last year.

Comments for a rating of average:

- Some unskilled want to work. Skilled don't want to.
- Too difficult to find anyone willing to work thanks to the government!

Comments for a rating of poor:

- People don't want to work. Not showing up to interviews.

Comments for a rating of very poor:

- Not very available.

### Availability of Rotorua Skilled Labour – December 2019

Availability of skilled labour	Number	Percent	% ex non spec
Excellent	2	2.0%	2.1%
Good	15	15.0%	16.0%
Average	24	24.0%	25.5%
Poor	38	38.0%	40.4%
Very poor	15	15.0%	16.0%
Don't know	5	5.0%	
Not specified	1	1.0%	
<b>Total</b>	<b>100</b>	<b>100.0%</b>	<b>100.0%</b>

When asked about the availability of skilled labour in Rotorua, 18.1% of respondents rated it as excellent or good, 25.5% as average and 56.4% as poor or very poor. Converting this to an index gave an index of -38.3. This negative index indicated that the majority of Rotorua businesses thought that the availability of skilled labour in Rotorua was poor.

The index for December 2016 was -31.8, -30.8 in June 2017, -39.1 in December 2017, -48.8 in June 2018, -32.5 in December 2018, -35.5 in June 2019 and -38.3 in December 2019. This was a decrease of -2.8 points in the index. The low index value indicated a lack in confidence amongst Rotorua businesses regarding the availability of skilled labour in Rotorua.

Availability of skilled labour comments:

Comments for a rating of good:

- *Have to pay a price for them.*
- *In some fields okay, others not.*
- *Very good.*

Comments for a rating of average:

- *Extreme problems hiring locals.*

Comments for a rating of poor:

- *Harder to come by.*
- *Hope Rotorua will keep growing. Looks positive.*
- *Insufficient in pharmaceutical sector.*
- *New Government needed asap!*
- *None available in Rotorua. Have to go outside.*
- *Not enough of it.*
- *Not great.*

Comments for a rating of very poor:

- *Don't offer salary packages. Poor transport.*
- *Even worse.*
- *Most are working and apply. No work experience. No qualifications.*
- *Not very available.*
- *Use contractors from out of town.*
- *Very difficult.*

Comments for a rating of don't know:

- *Hope everything will improve.*
- *Very hard to find.*