

# Taranaki Business Survey

RESULTS OF THE JUNE 2016 SURVEY



Te Kaunihera-ā-Rohe o Ngāmotu  
NEW PLYMOUTH  
DISTRICT COUNCIL  
[newplymouthnz.com](http://newplymouthnz.com)

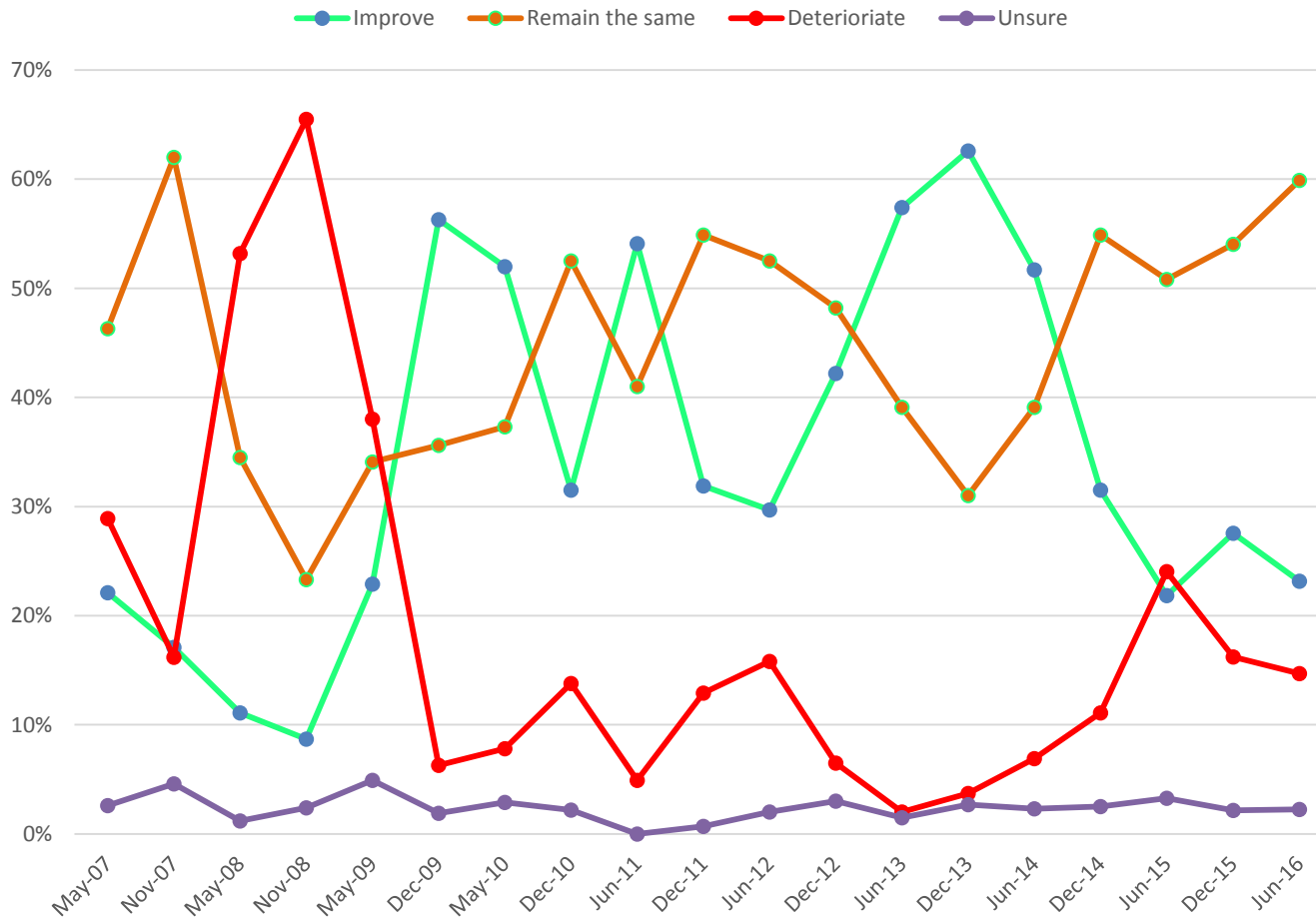


# Taranaki Business Survey

- Monitors economic confidence by Taranaki businesses and their views on key business issues.
- Undertaken by Venture Taranaki 6-monthly since 1999.
- Survey sent to over 1500 Taranaki businesses.
- Cross section of industry type, location and size.
- Spans a number of **standard economic questions**.
- **Plus a special topic: Impact of recent price declines on the Taranaki economy:**
  - Dairy price
  - Global oil price

# NZ Economic Conditions: next 12 months

NZ Business conditions - next 12 months



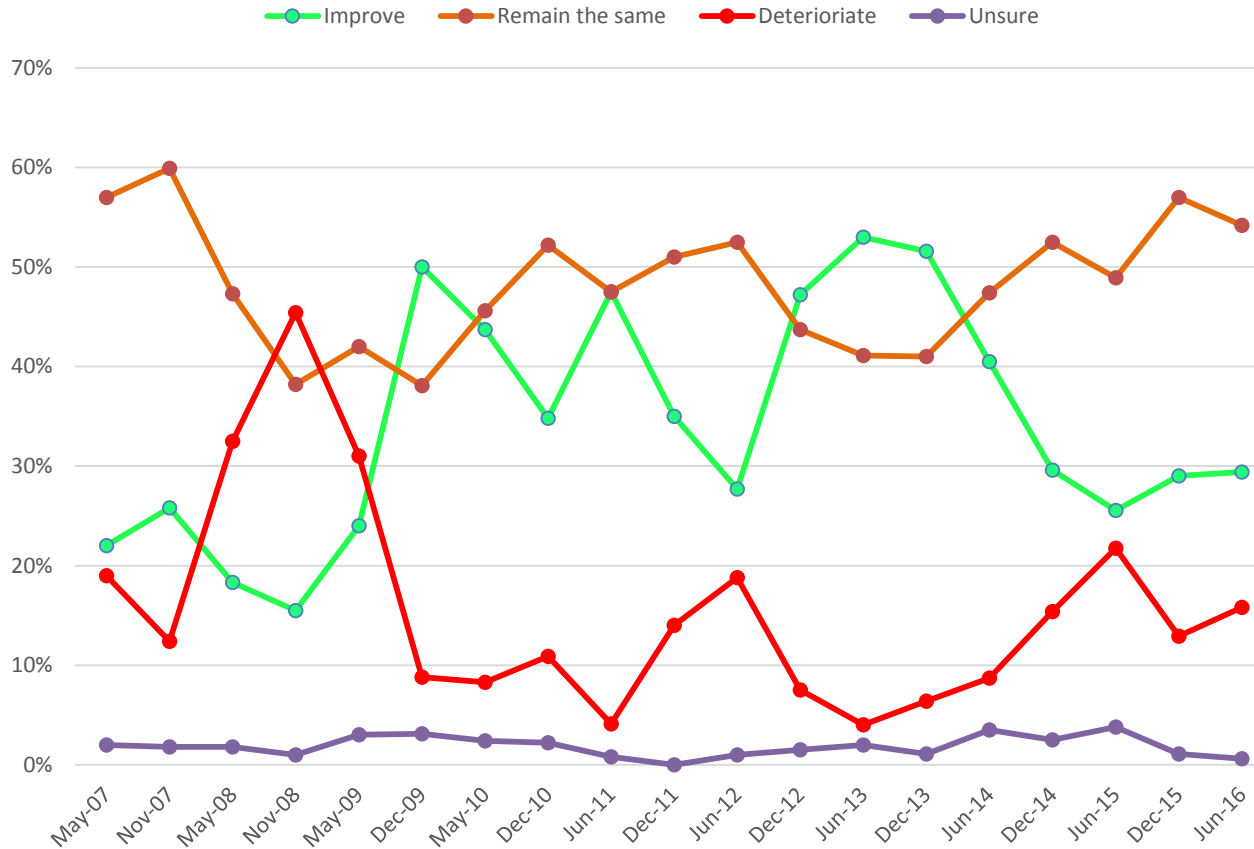
**Holding firm but challenging times.**

Optimists still outweigh pessimists on 12 month outlook.

- **Improve** 23% (down from 28%)
- **Same:** 60% (up from 54%)
- **Deteriorate** – 15% (down from 16%)
- **Don't know:** 2%

# Industry conditions: next 12 months

Industry Conditions - Next 12 months



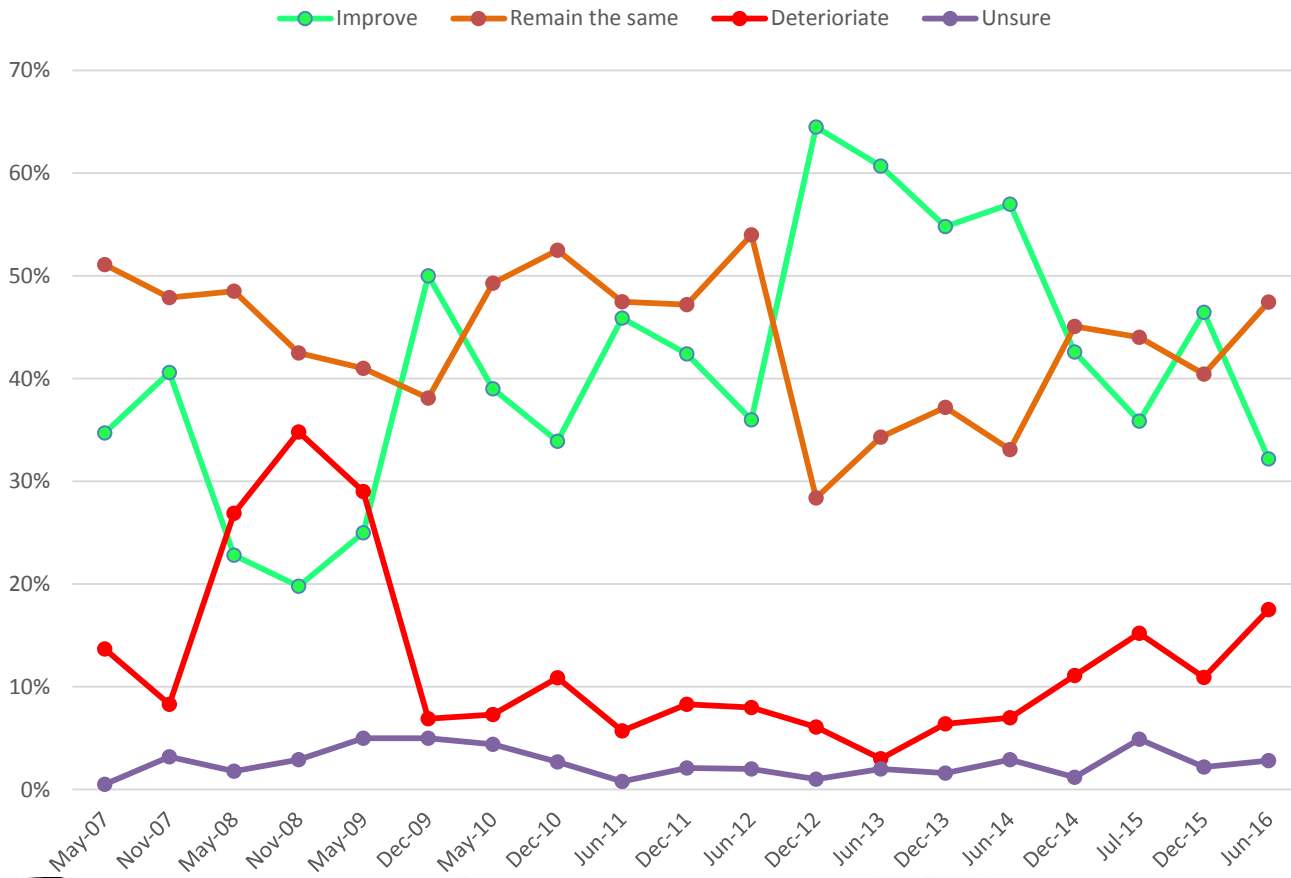
## Holding firm?

- **Improve 29%** (same as Dec 15)
- **Remain same 54%** (down from 57%)
- **Deteriorate 16%** (up from 13%)
- **Don't know: 1%**



# Sales: next 6 months

Sales - next 6 months



## Anticipating tougher winter?....

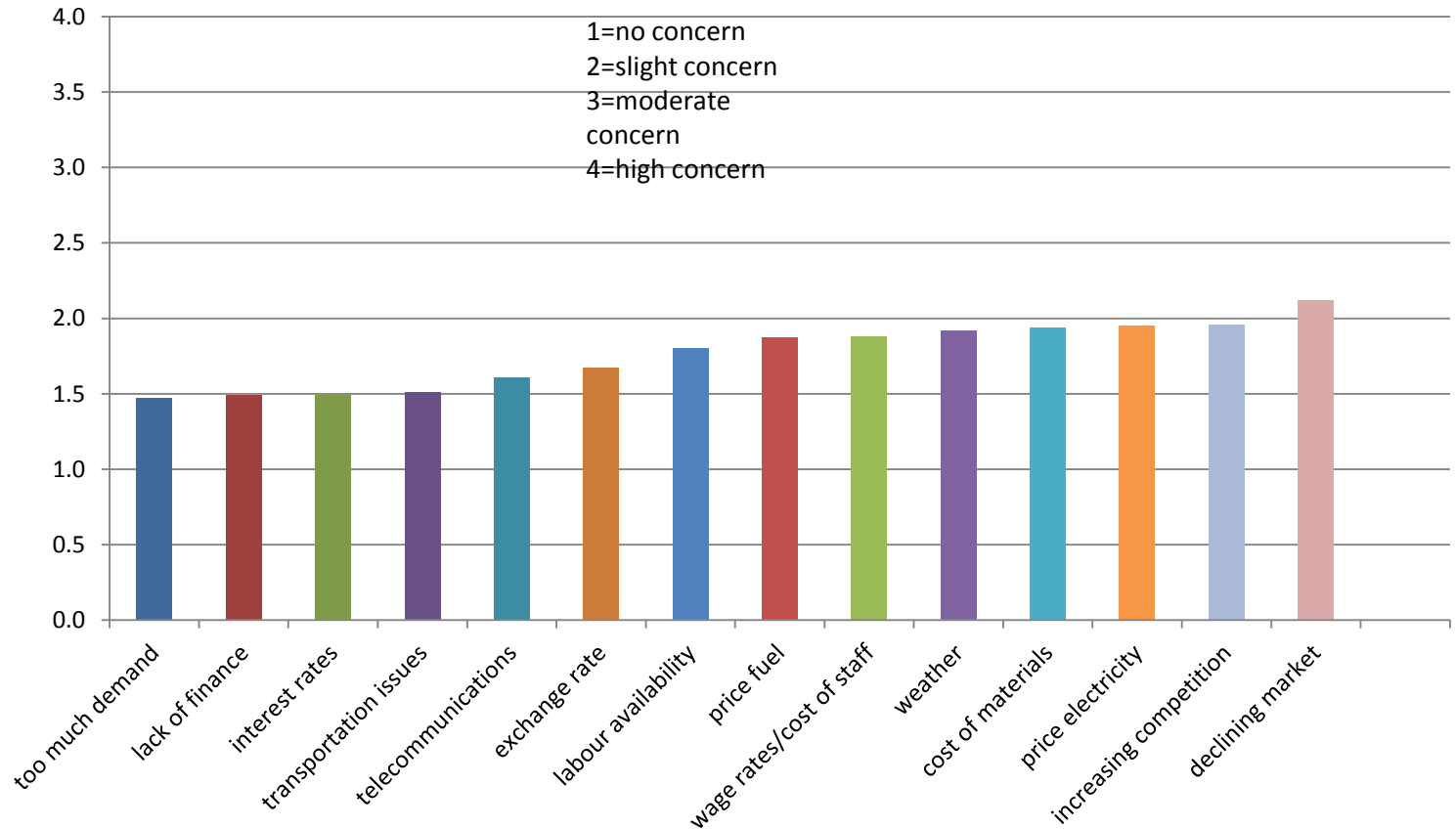
- **Improve: 32%**  
(down from 46%)
- **Remain same: 47%**  
(up from 40%)
- **Deteriorate: 18%**  
(up from 11%)
- **Don't know: 3%**

# Taranaki business: concerns

## Factors of Concern to Taranaki Business June 2016

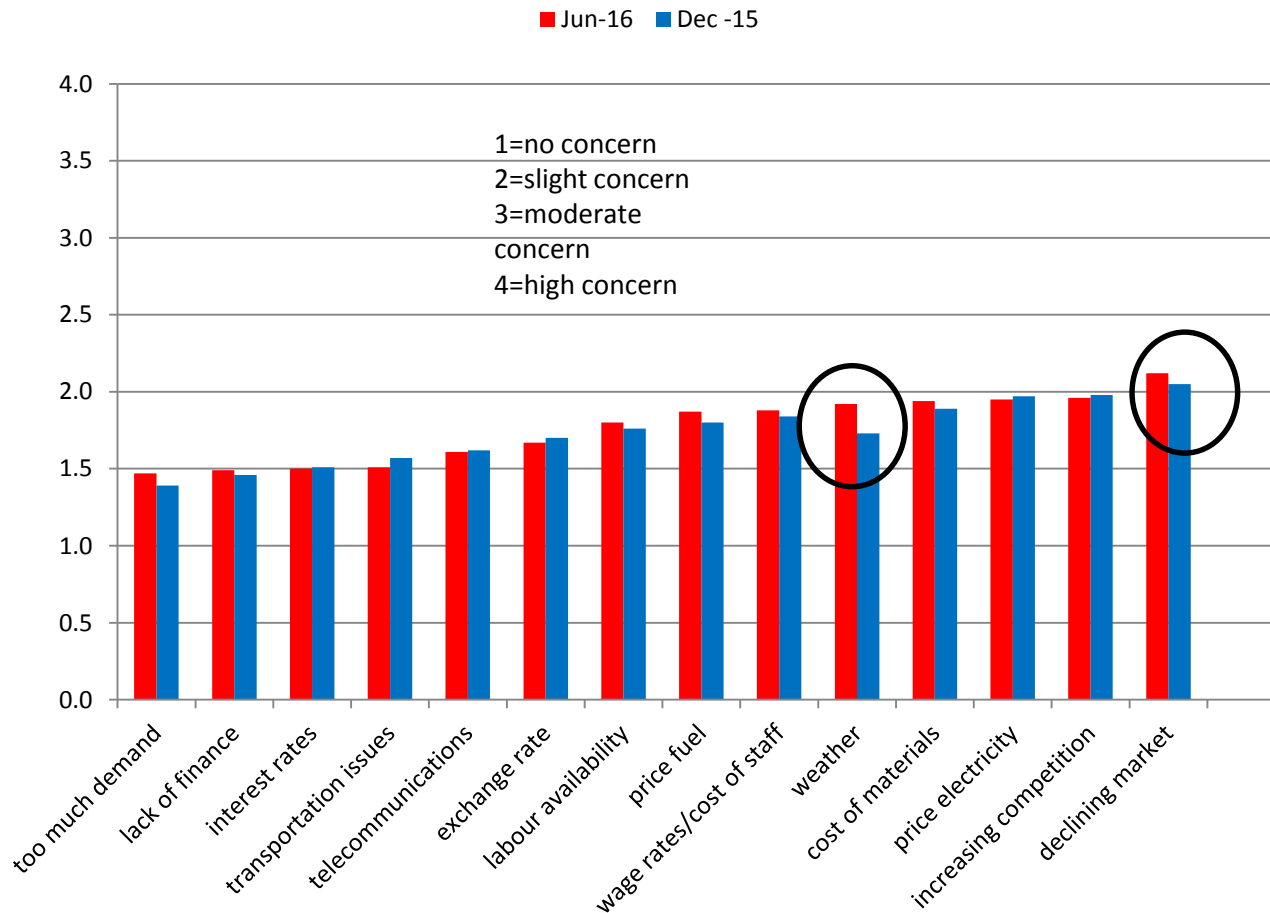
High  
concern

Low  
concern



# What's changed?

## Factors Impacting Business - June 2016 V Dec 2015



**Minimal  
change:**

**Possible small  
shifts in**

- Weather
- Demand

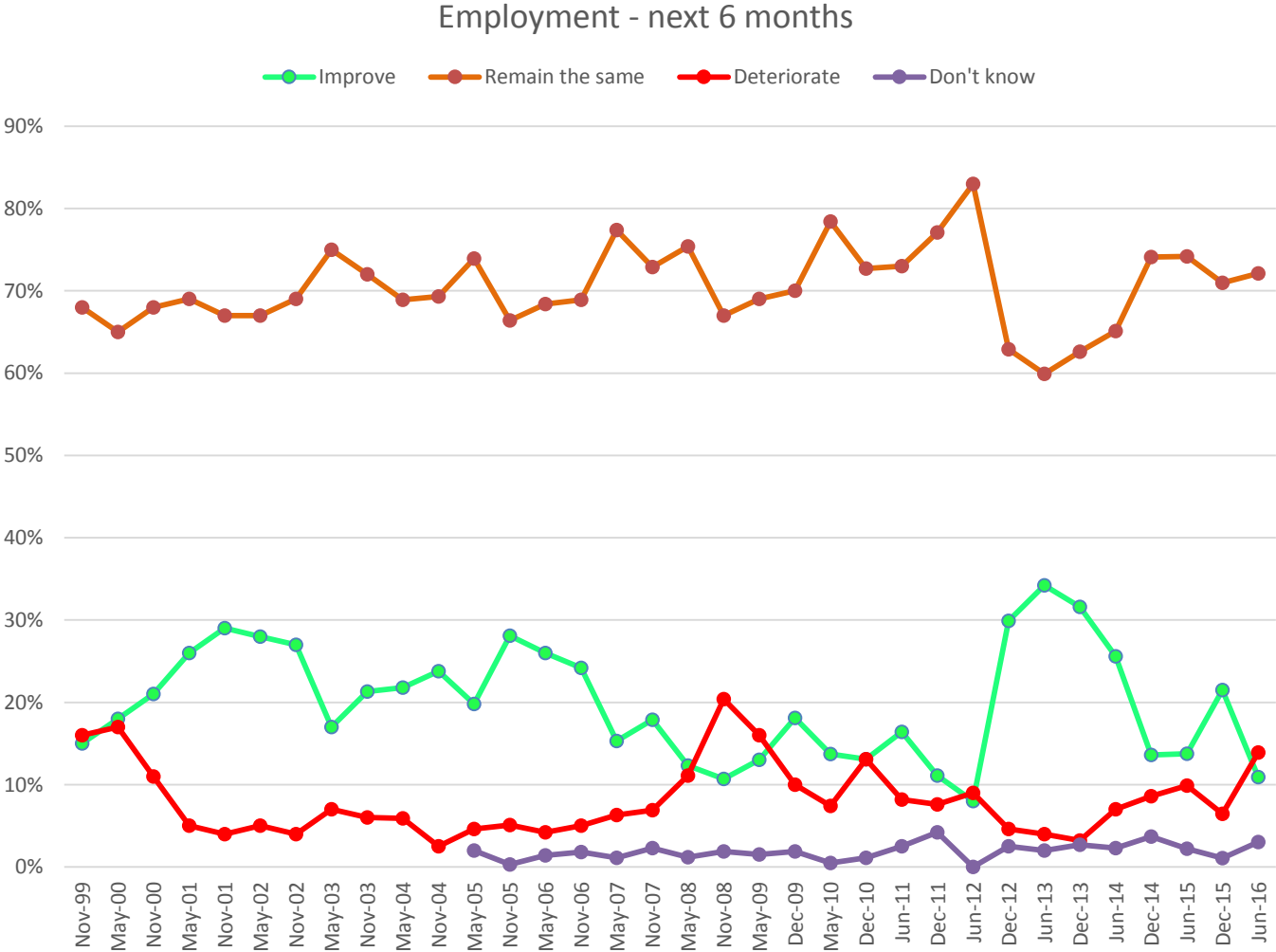


# Other factors impacting on business

- Oil, gas and dairy have made a big impact (*significant mentions by respondents*).
- Health & Safety compliance (*also numerous mentions*)
- **Our guest numbers are typically down at this time of year, so a natural decline.**
- NZ immigration
- **No UFF in rural residence**
- Potential for deregulation of pharmacy ownership
- **Cowboy contractors who turn up, cause havoc and bugger off, leaving chaos.**



# Employee numbers – next 6 months



**Outlook status quo but tight**

**72% anticipate employment levels to remain the same.**

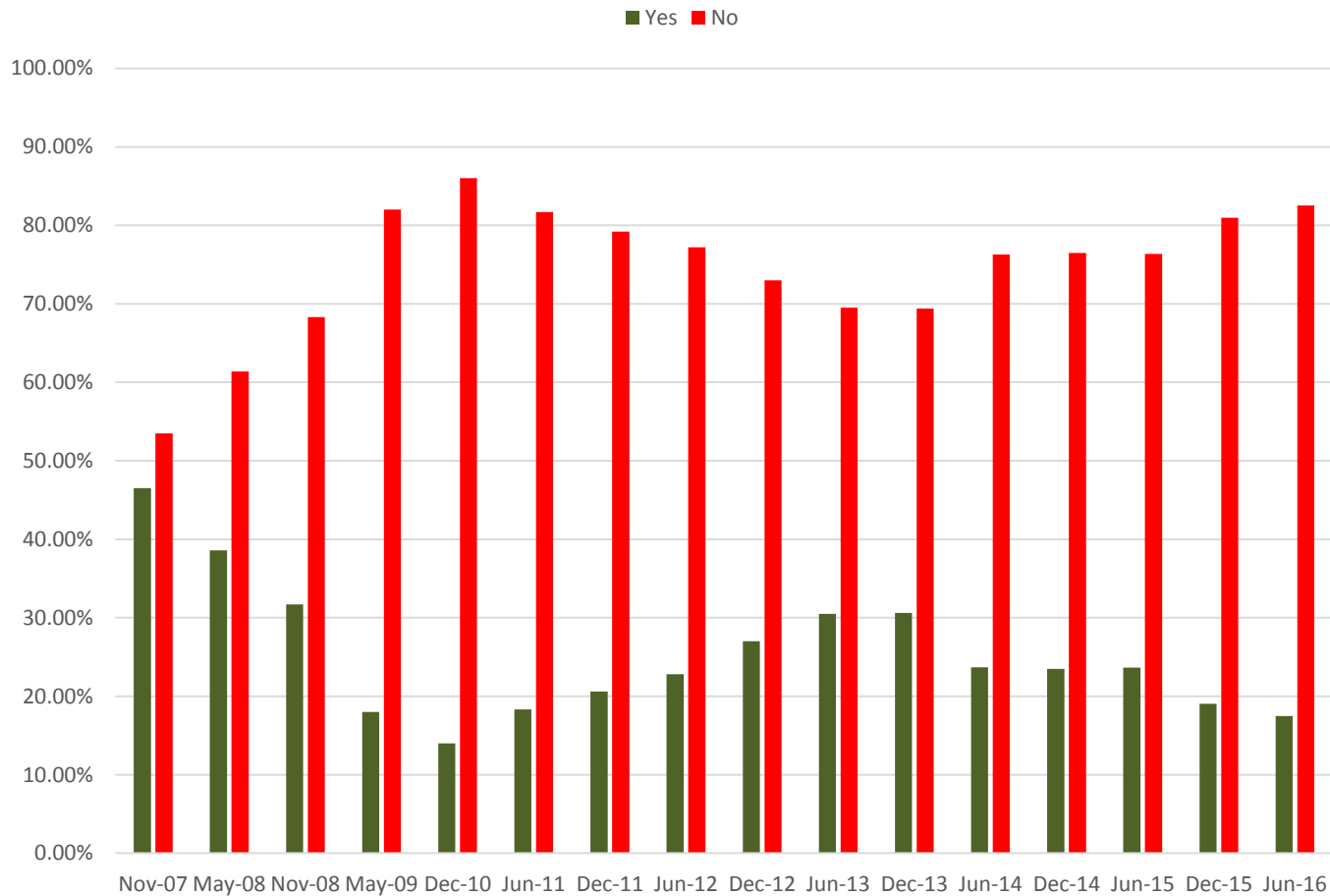
14% - decrease.

*outweighs ....*

11% expect staff numbers to increase

# Skill shortages or difficulty hiring?

## Experiencing Skill Shortages



**Skill shortages decline slightly.**

**83%** - no skill shortages

**17%** of Taranaki businesses report skill shortages or difficulties recruiting appropriate staff.

# Skills shortages mentioned

- **Senior restaurant staff**
- **Qualified painters**
- **Reluctance to be commission only sales people.**
- **Trained bike mechanic**
- **Experienced truck drivers and plant operators**
- **Civil engineers (experienced)**
- **Web development**

“NZ immigration are making it hard for us as we would like to employ experienced nursing staff ie overseas registered nurses who come here and do their competency assessment programme to become NZ registered nurses. But they are targeting caregivers and chefs this year”.

“We are getting predominantly people on work visa applying for positions”

“Have had to get people from overseas. No one local”

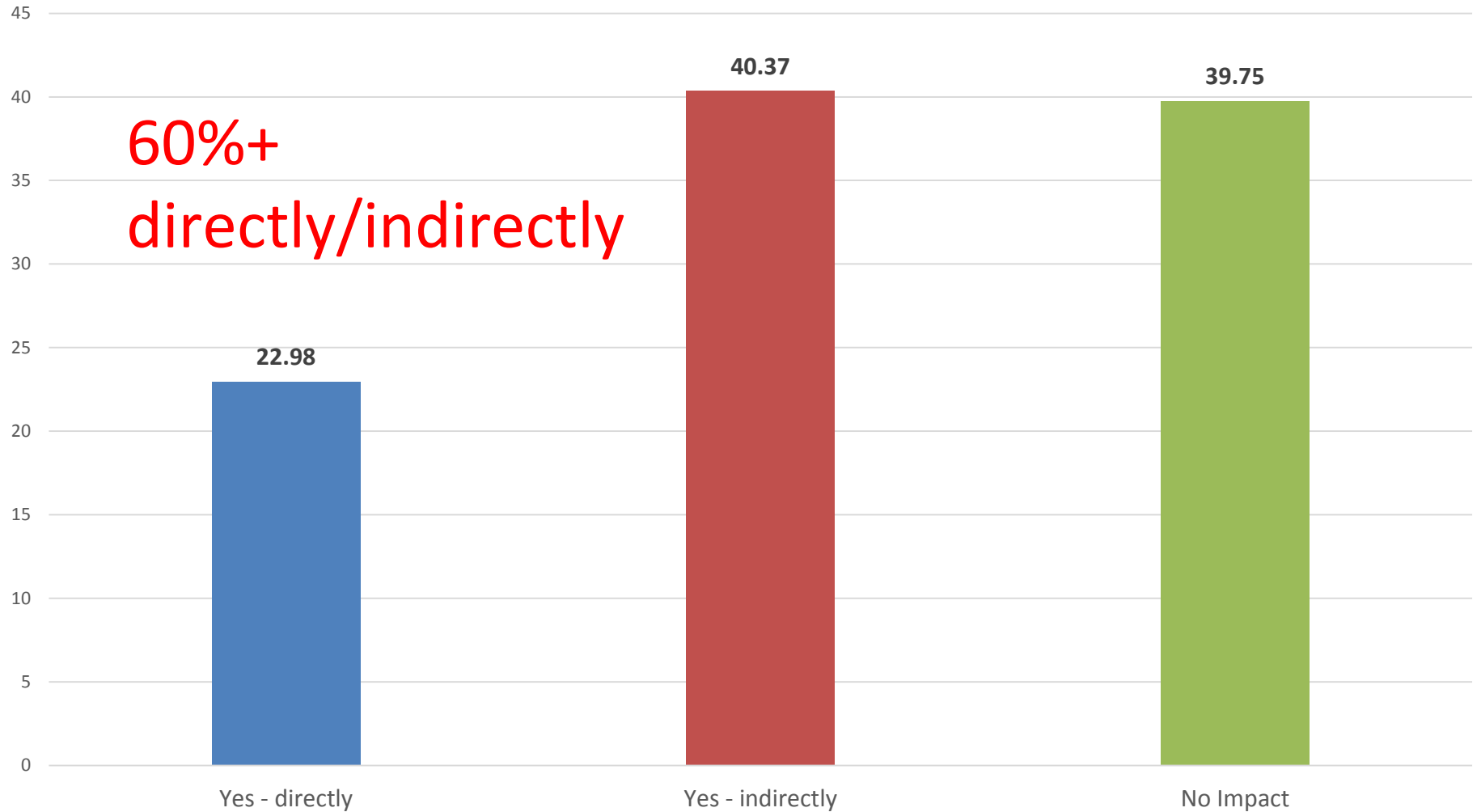


**Special Topic:  
Dairy and Global Crude Oil –  
impact of price declines on Taranaki  
businesses**

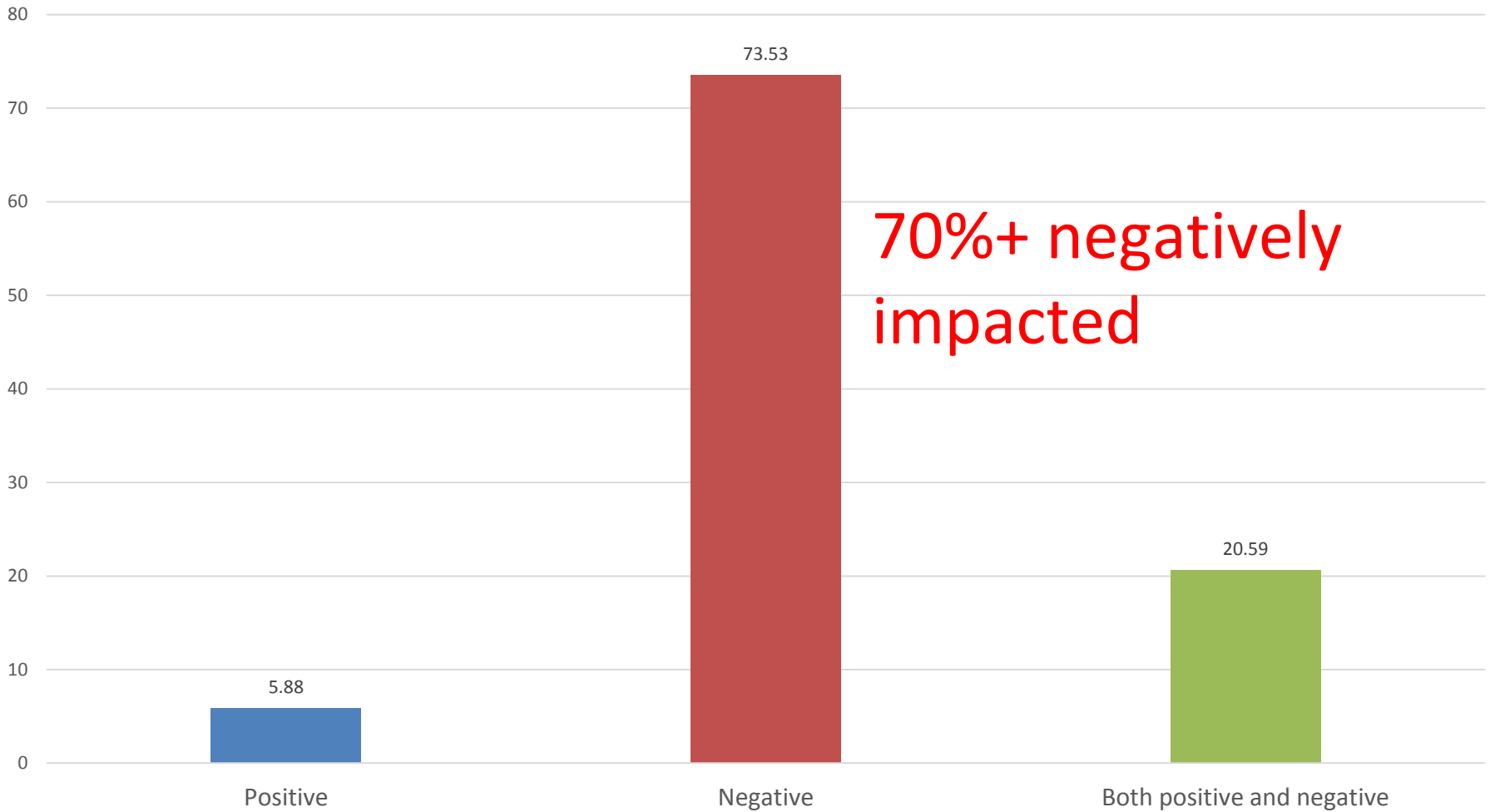
# Background

- **Context:** twin pillars of Taranaki economy
- **Both impacted** by recent global price impacts/payout declines:
  - Oil/gas (from over \$US100 to below \$US40)
  - Dairy (down to \$3.90 per kg/ms – est. \$5.20 to cover costs)
- **Taranaki business impact**
  - Revenue
  - Confidence
  - Employment
  - Future

# Has the decline in Dairy Price/Payout Impacted your business?

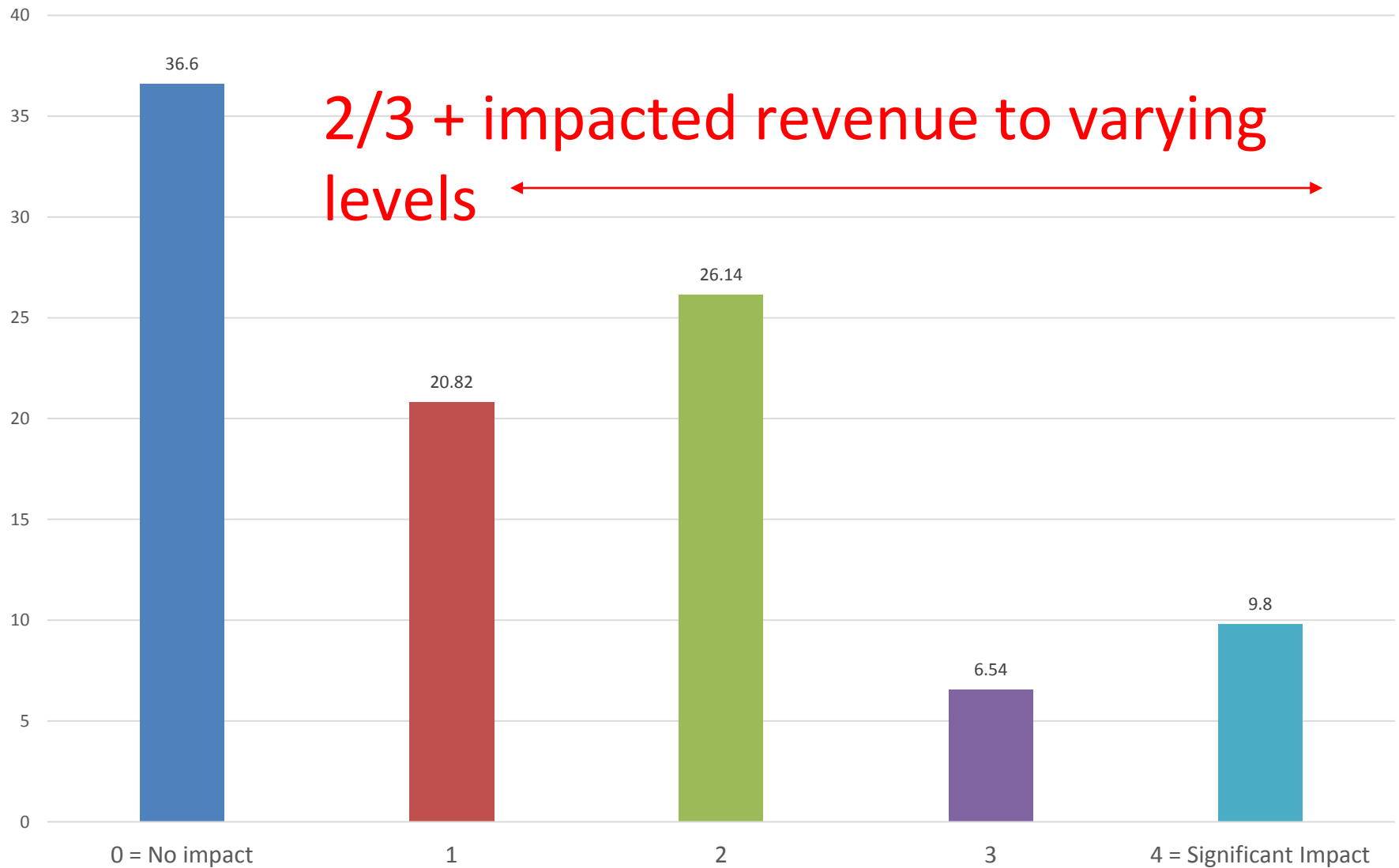


# If Yes - Has the impact been positive and/or negative?

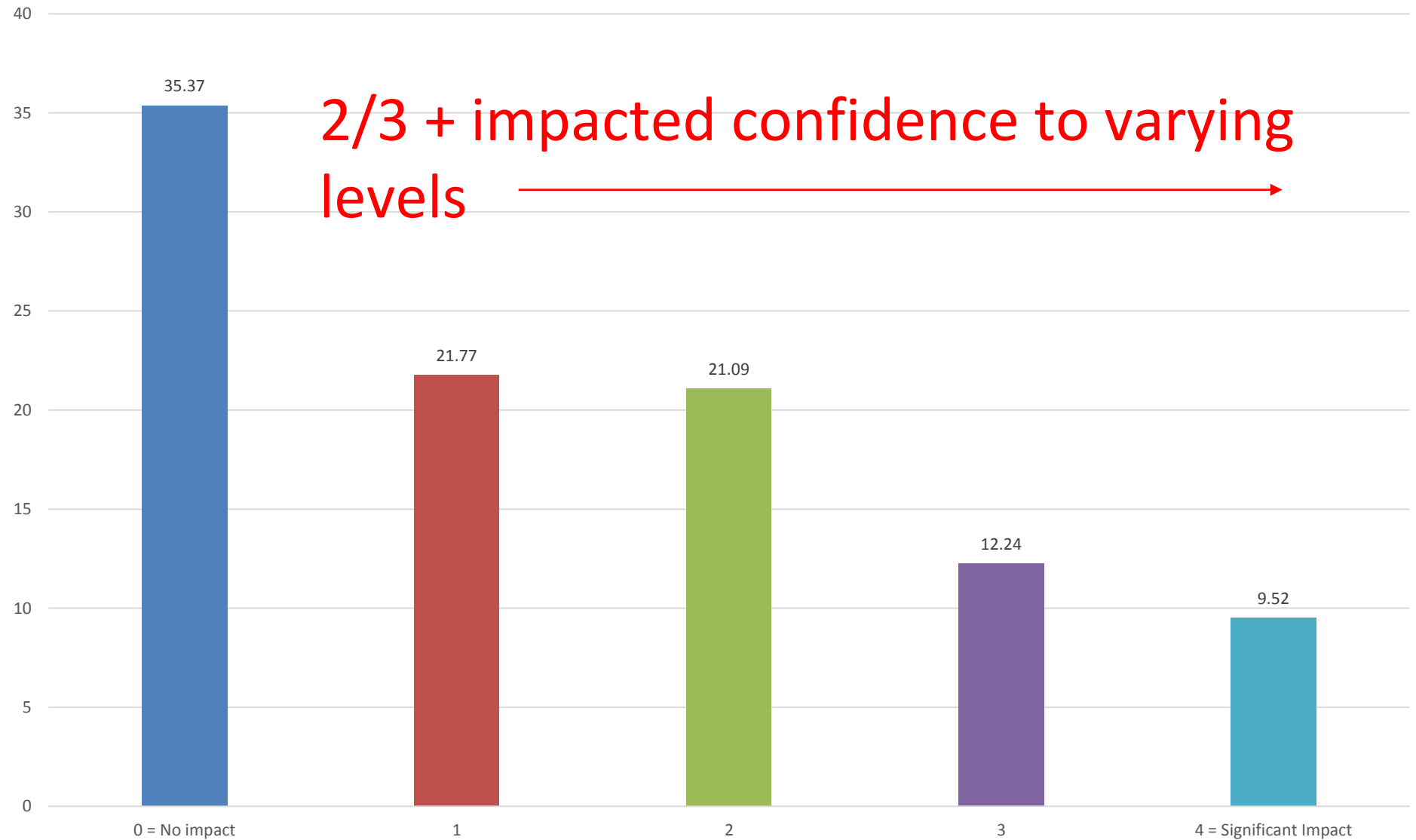




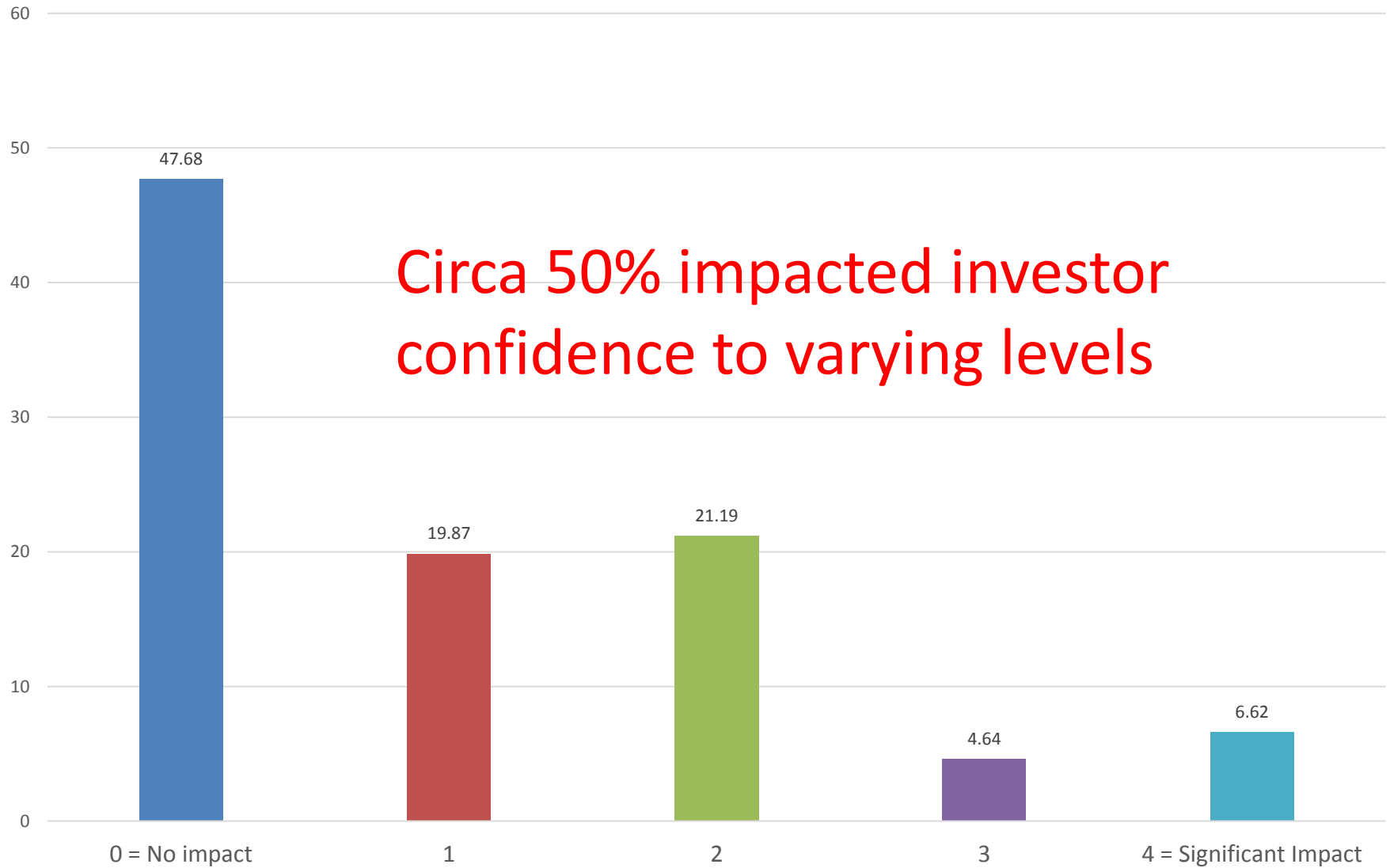
# Dairy Price - Impact on Revenue/\$



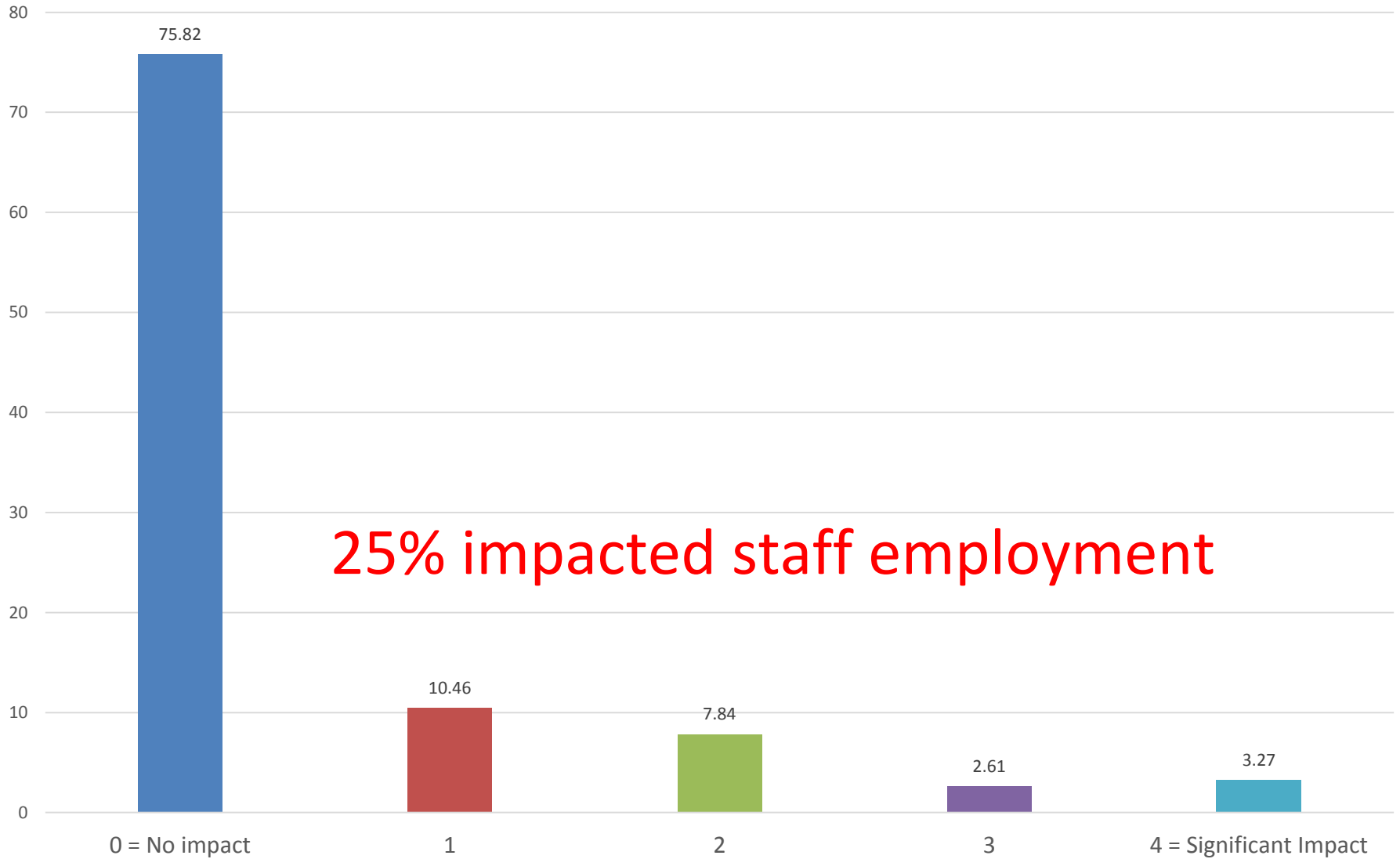
# Dairy Price - Impact on consumer confidence



# Dairy Price - Impact on investor confidence

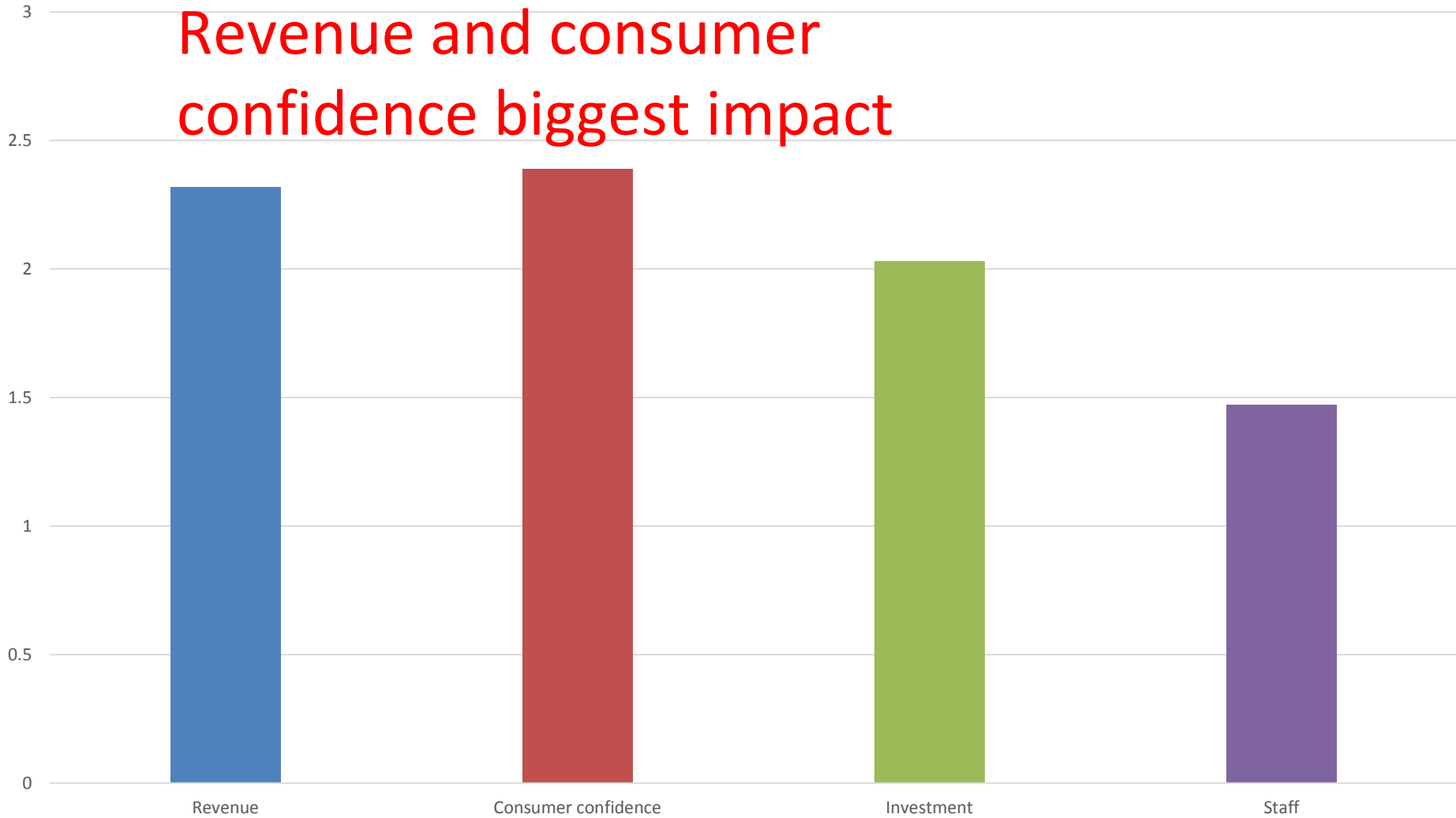


# Dairy Price - Impact on staff/employment



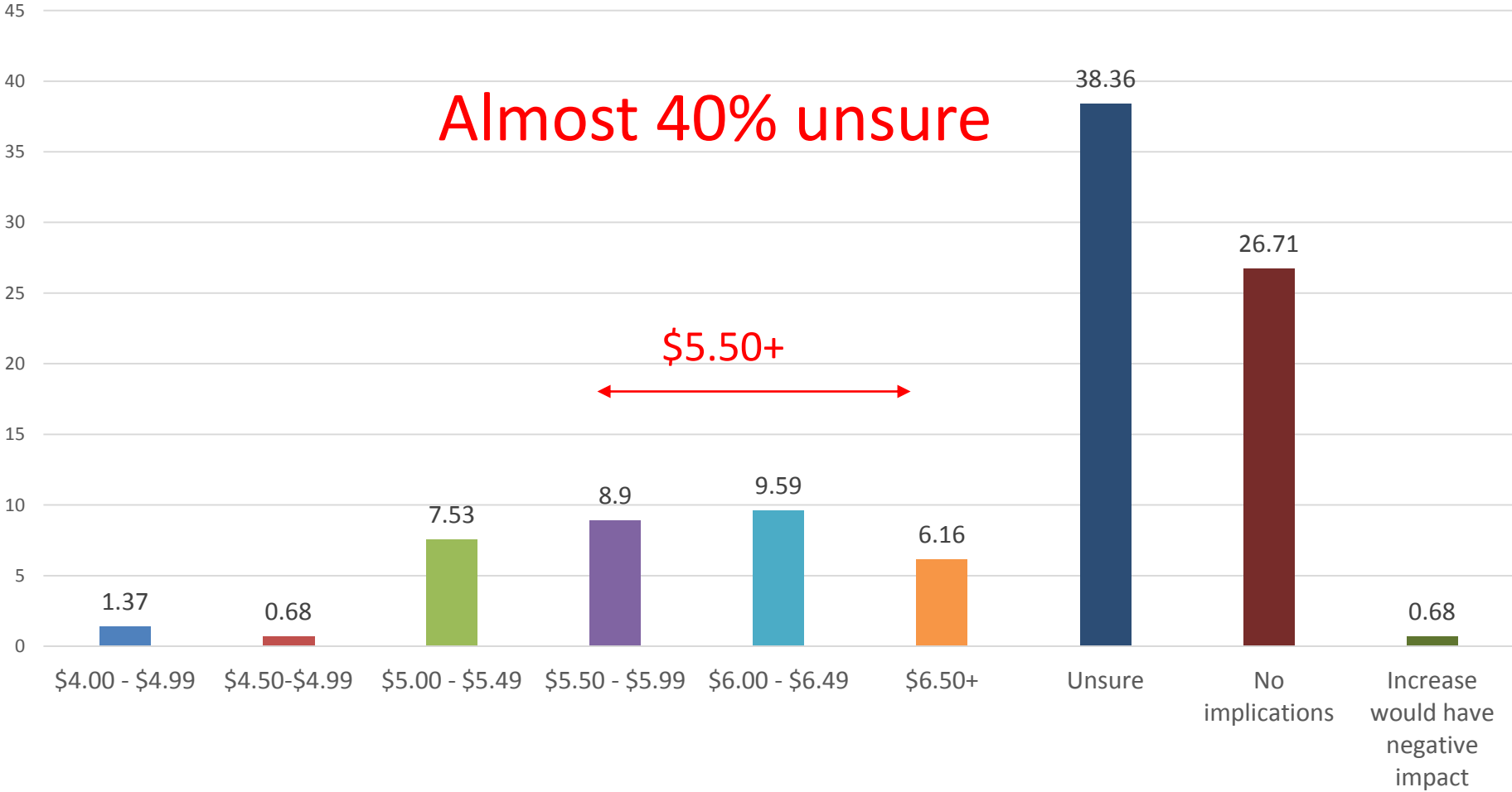
# Dairy Price Decline Impacts – Overall Comparison

Revenue and consumer confidence biggest impact



# Dairy Price - Payout/Price required before business grows?

Almost 40% unsure



# Dairy Price - When do you foresee recovery?

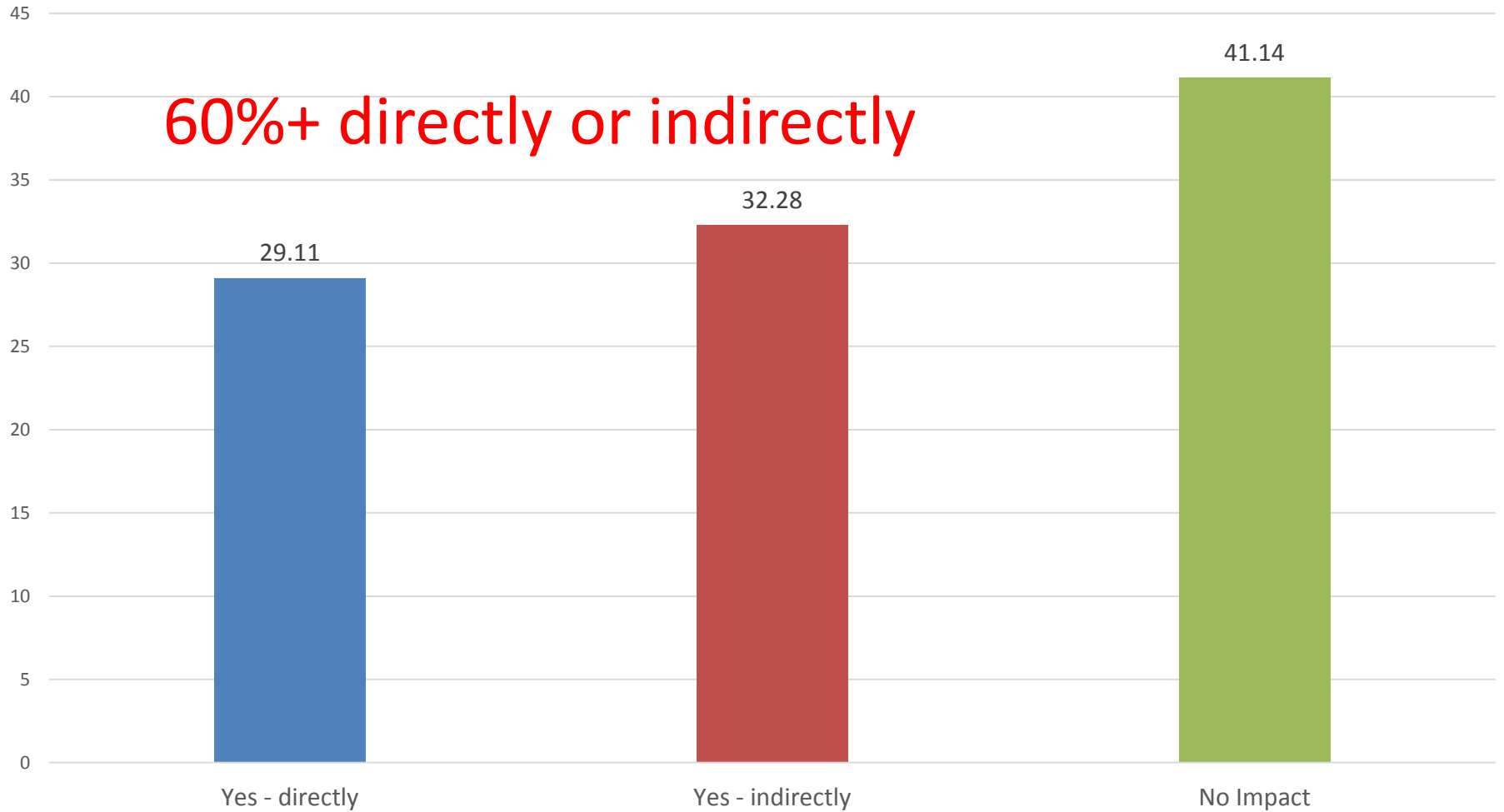




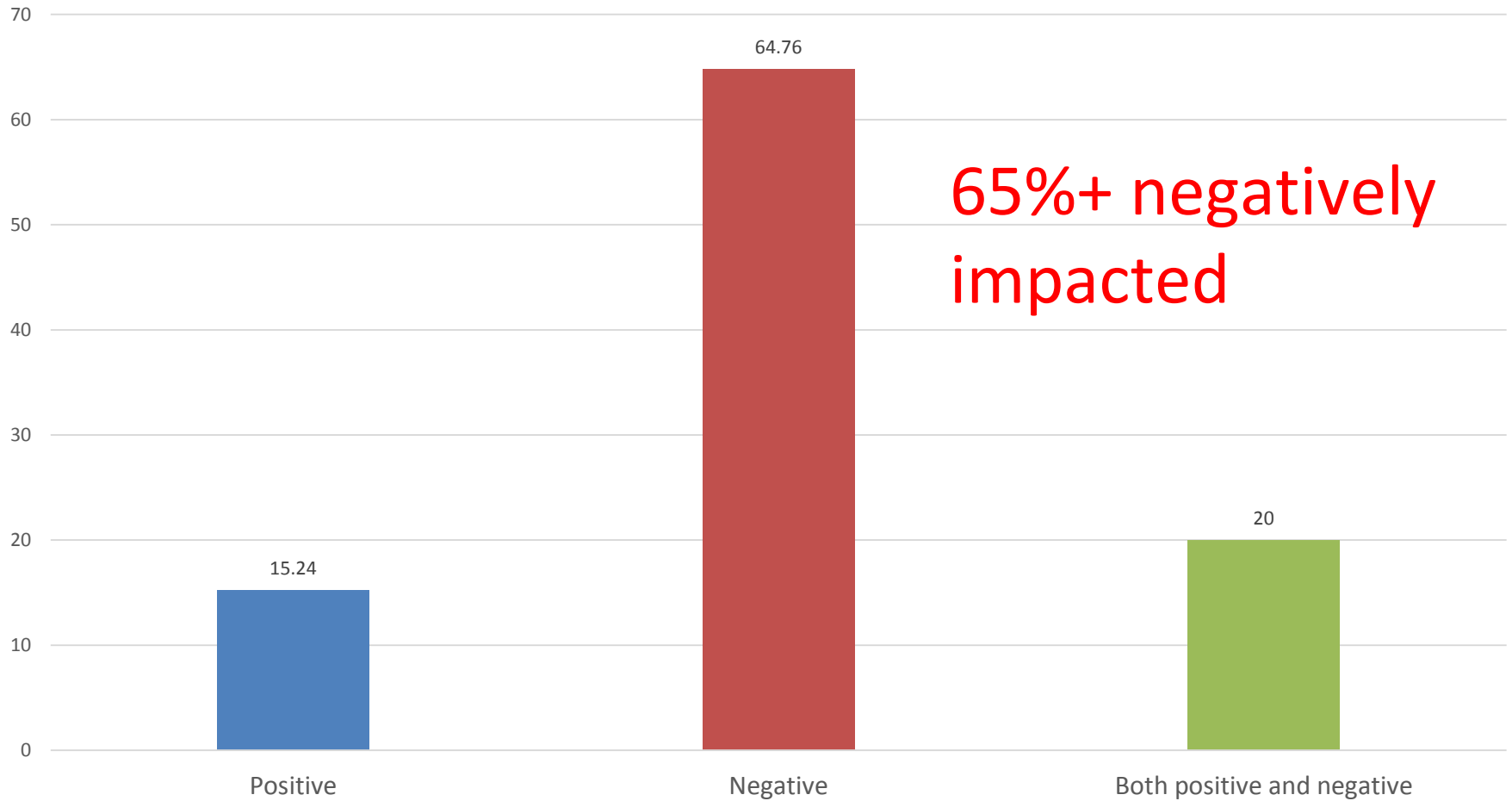
# Comments

- **“It’s a farming community so dairy prices affect us all”.**
- “Totally irrelevant to my business”.
- **“Largely dependent on global factors”.**
- “Where is the R&D in value-added products? Why does Fonterra insist on producing a low value commodity? What consideration has been given to the global milk supply?”
- **“Farmers need to diversify into hi-tech farming or crops”.**
- “The dairy price impact has influenced disposal incomes to families. They have had to be more frugal”.
- **“We have been trimming our costs and not replacing some staff as they leave. Work has declined in agriculture but we are making up for it in others sectors. People are a little slower in paying their bills”.**
- “Worst of impact will be felt in next 2 years”.

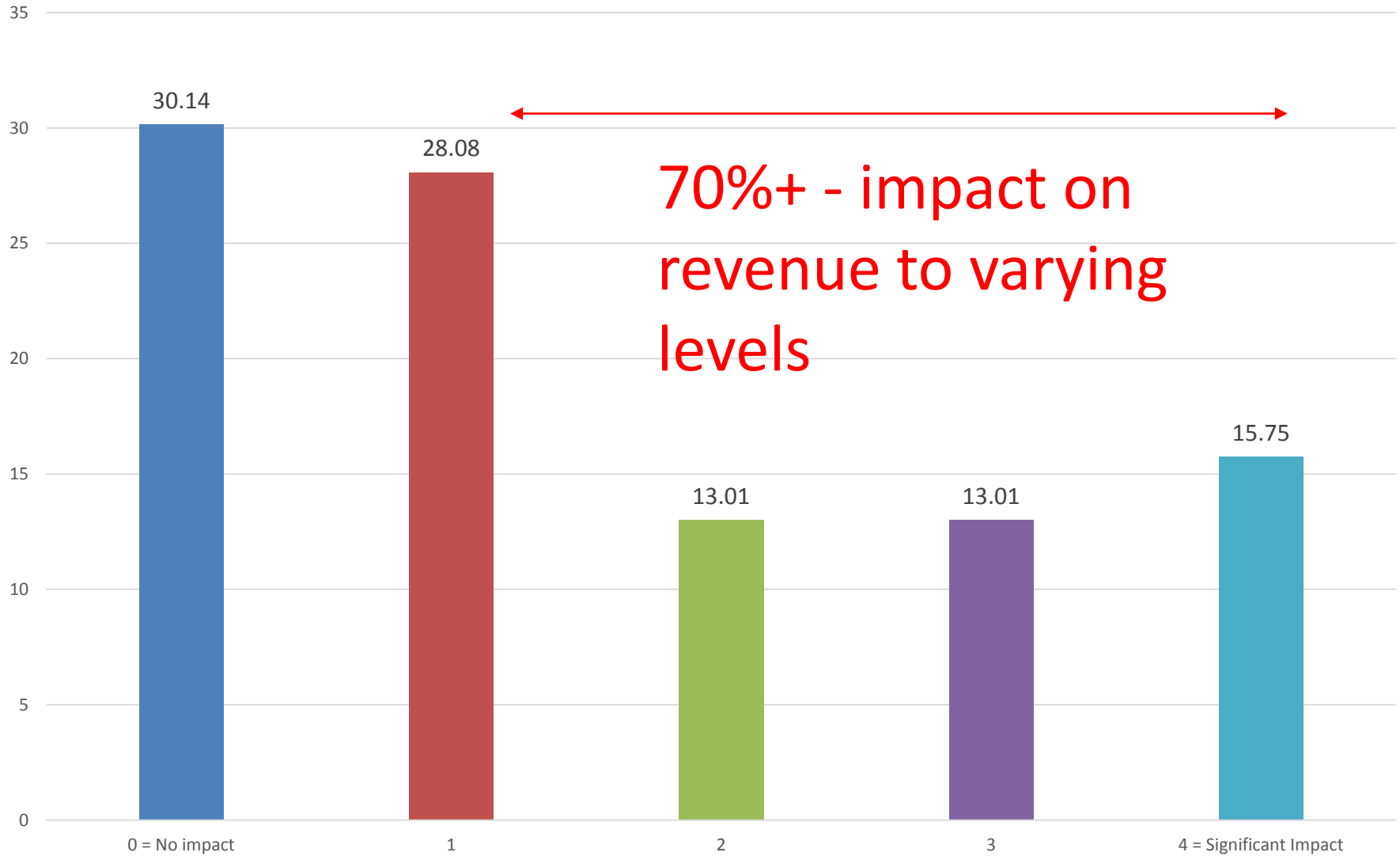
# Oil - Has the global oil price impact your business?



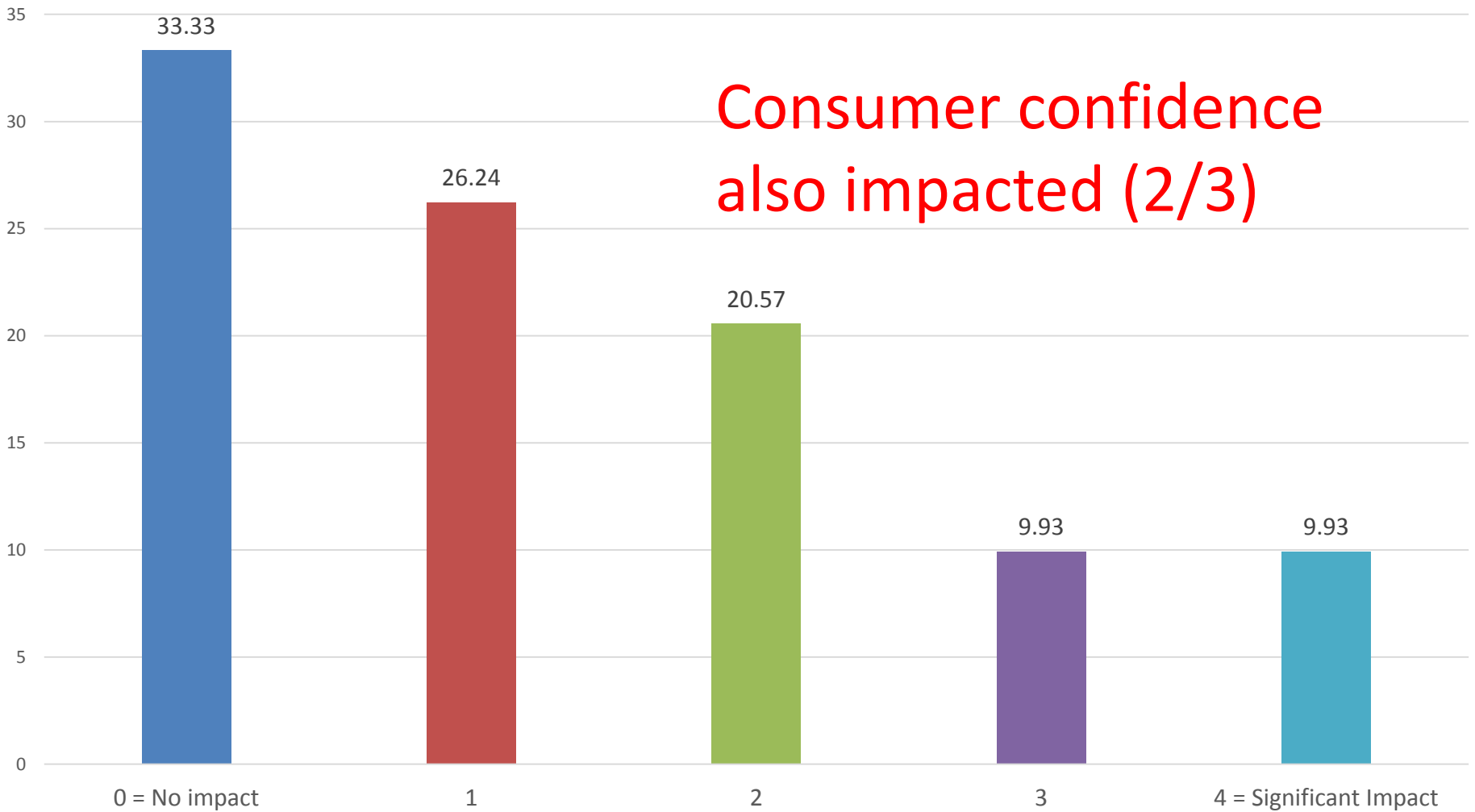
# Oil Price Impact - If yes - has the impact been positive and/or negative?



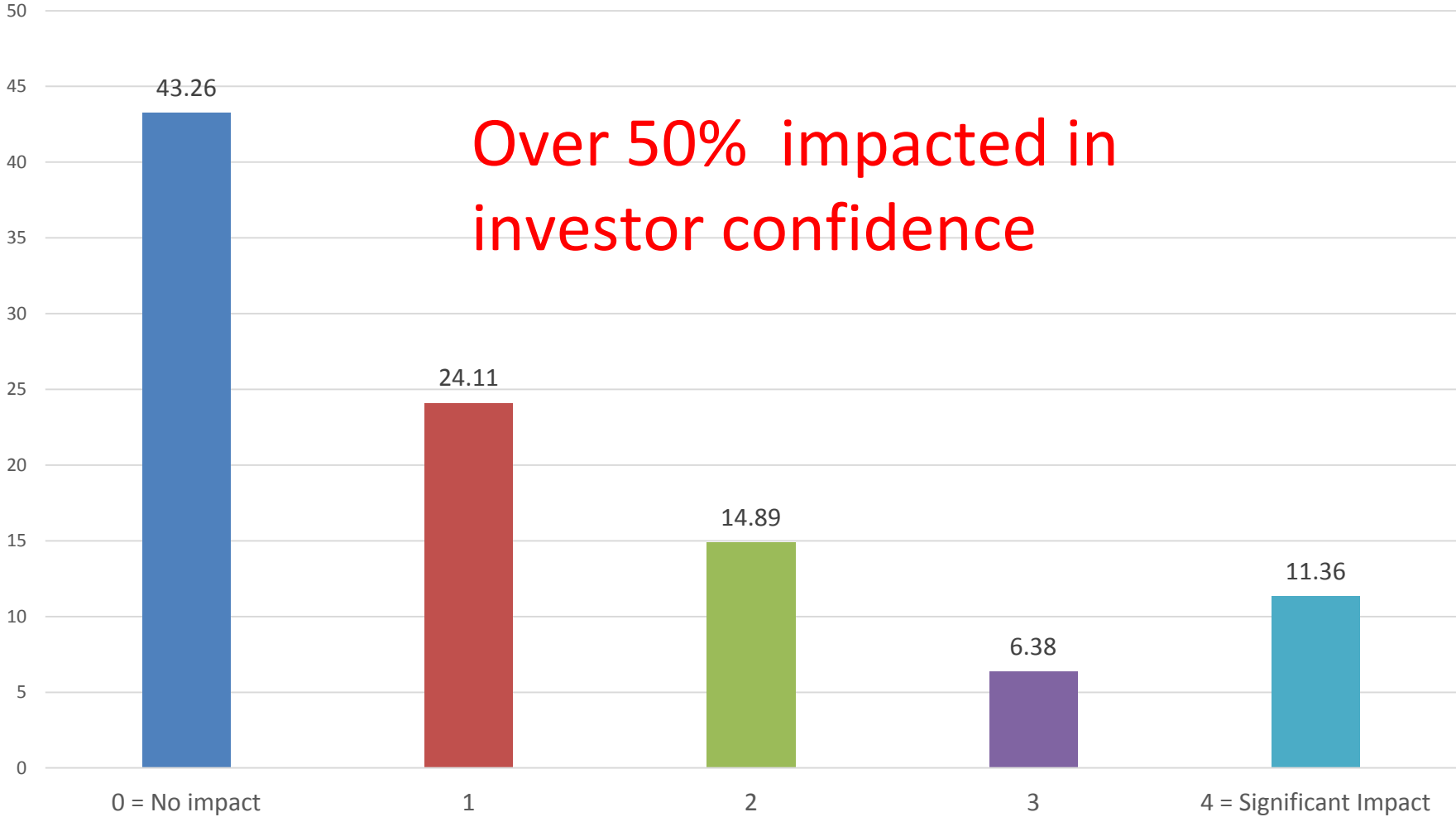
# Impact of Oil Price decline on revenue/\$



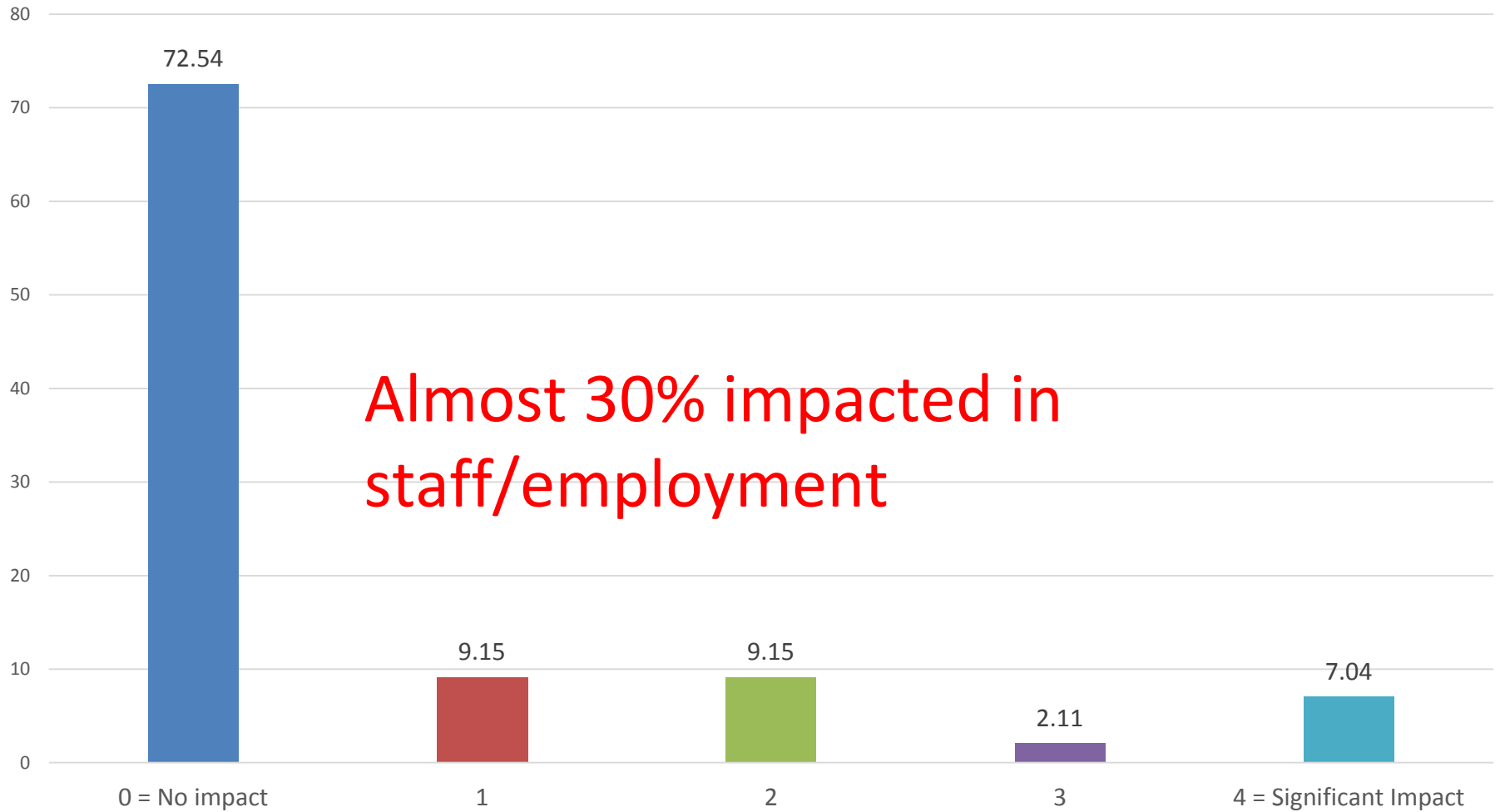
# Global Oil Price Decline - Impact on consumer confidence



# Global Oil Price decline - Impact on investor confidence



# Global Oil Price decline - Impact on staff/employment



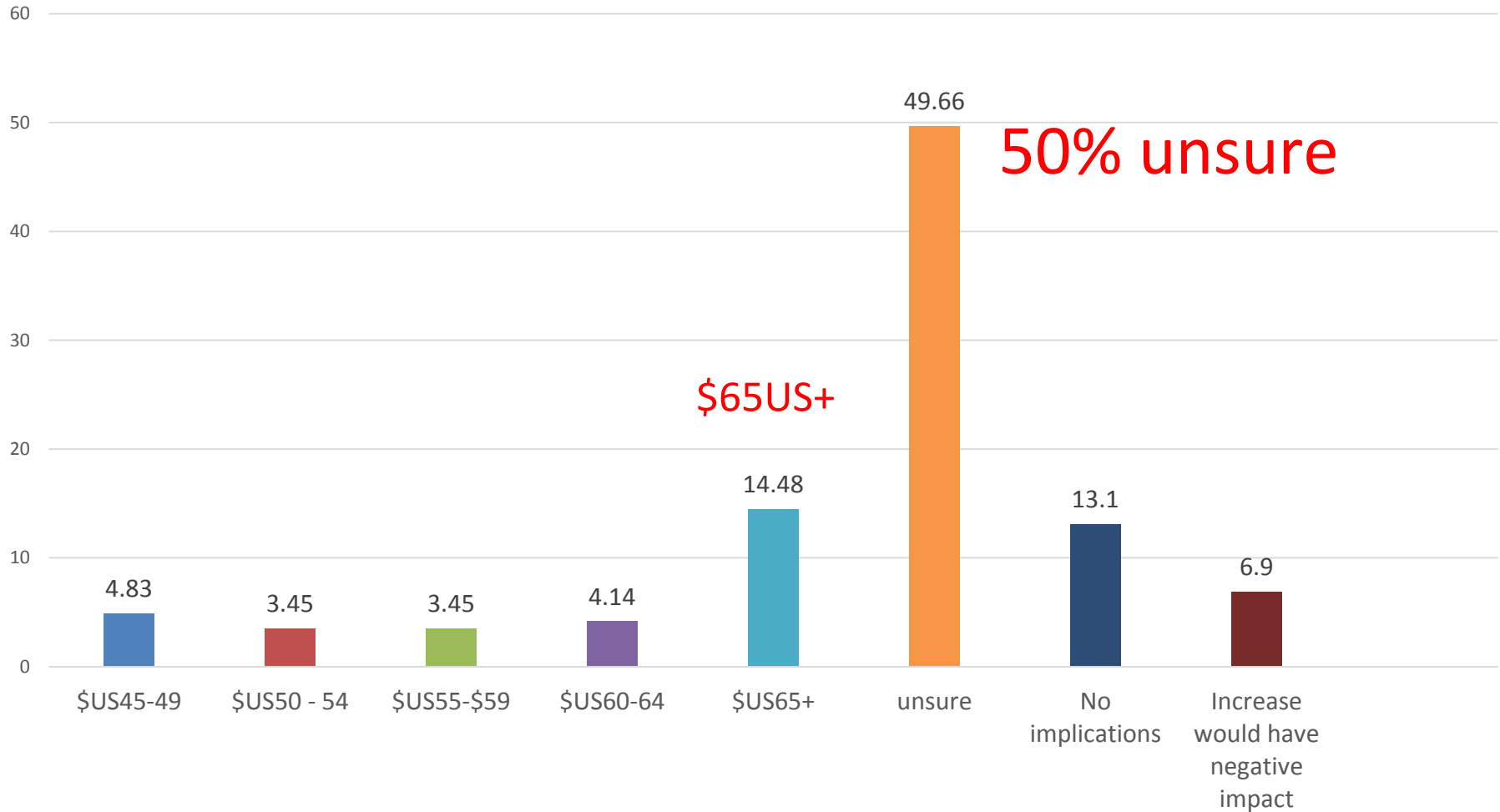


# Oil Price Decline - Impacts Compared

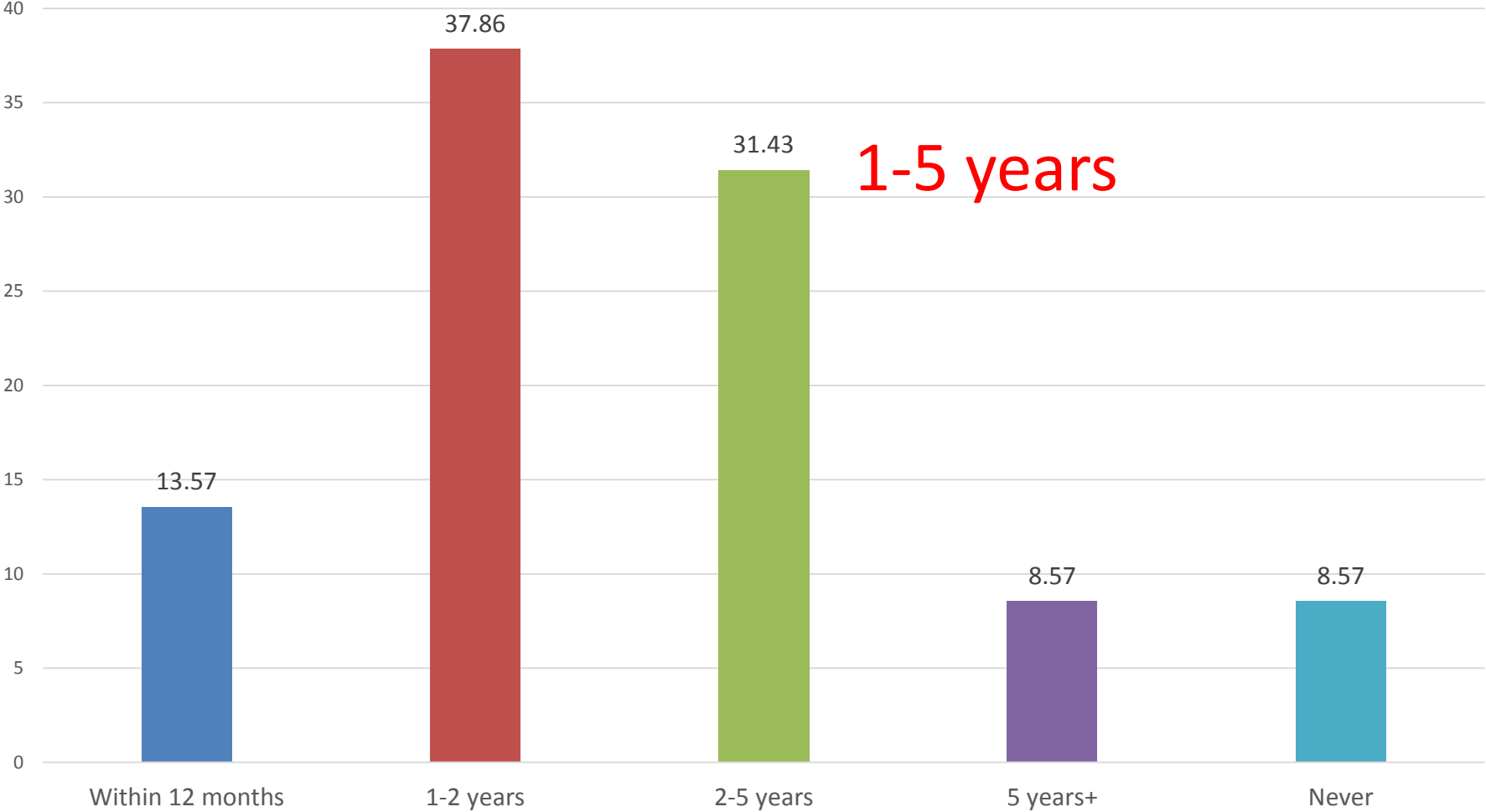
Revenue and confidence: biggest impacts



# What price does the crude/brent global oil price have to be for your business to grow?



# Global Oil Price Decline - When do you foresee recovery?

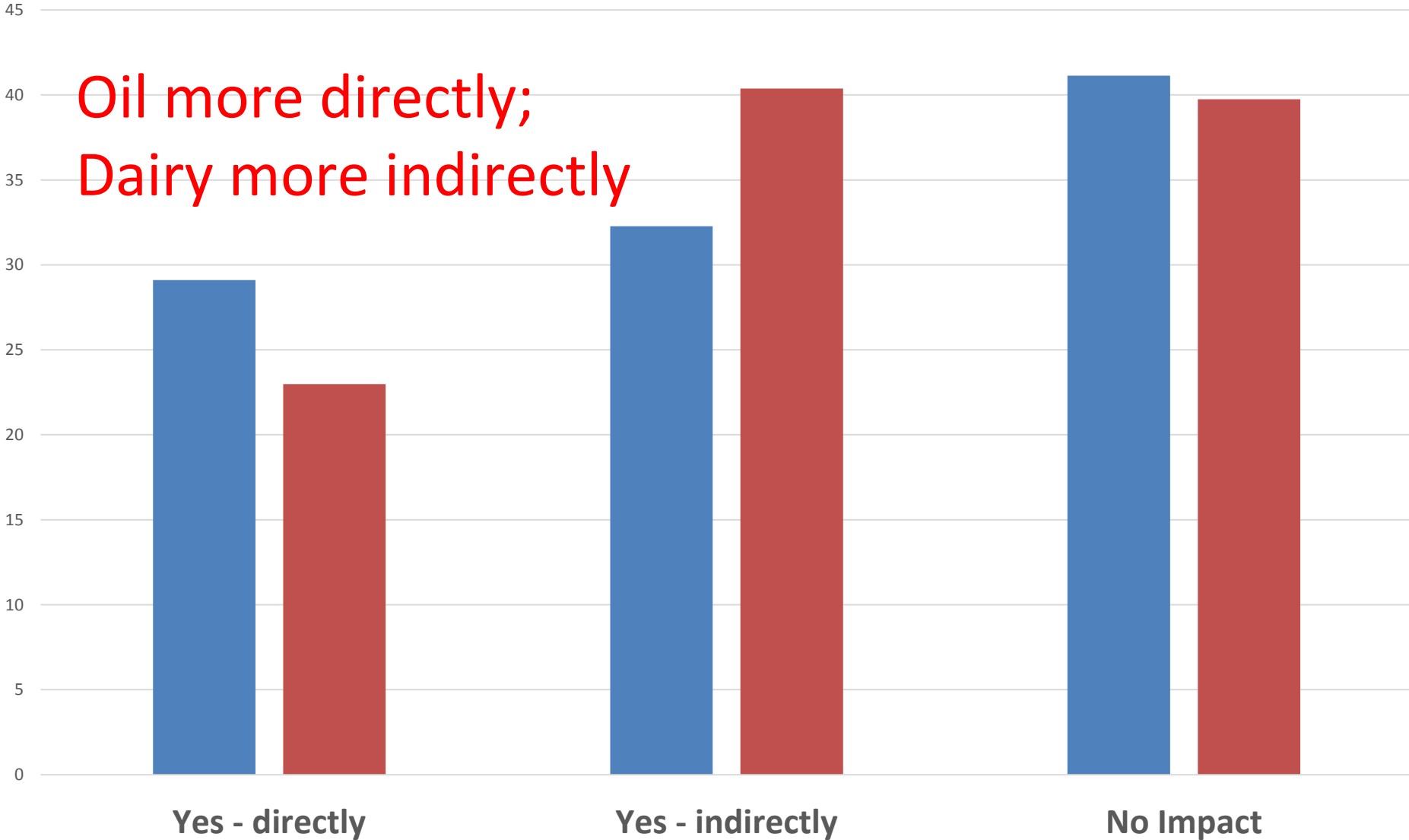


# Comments

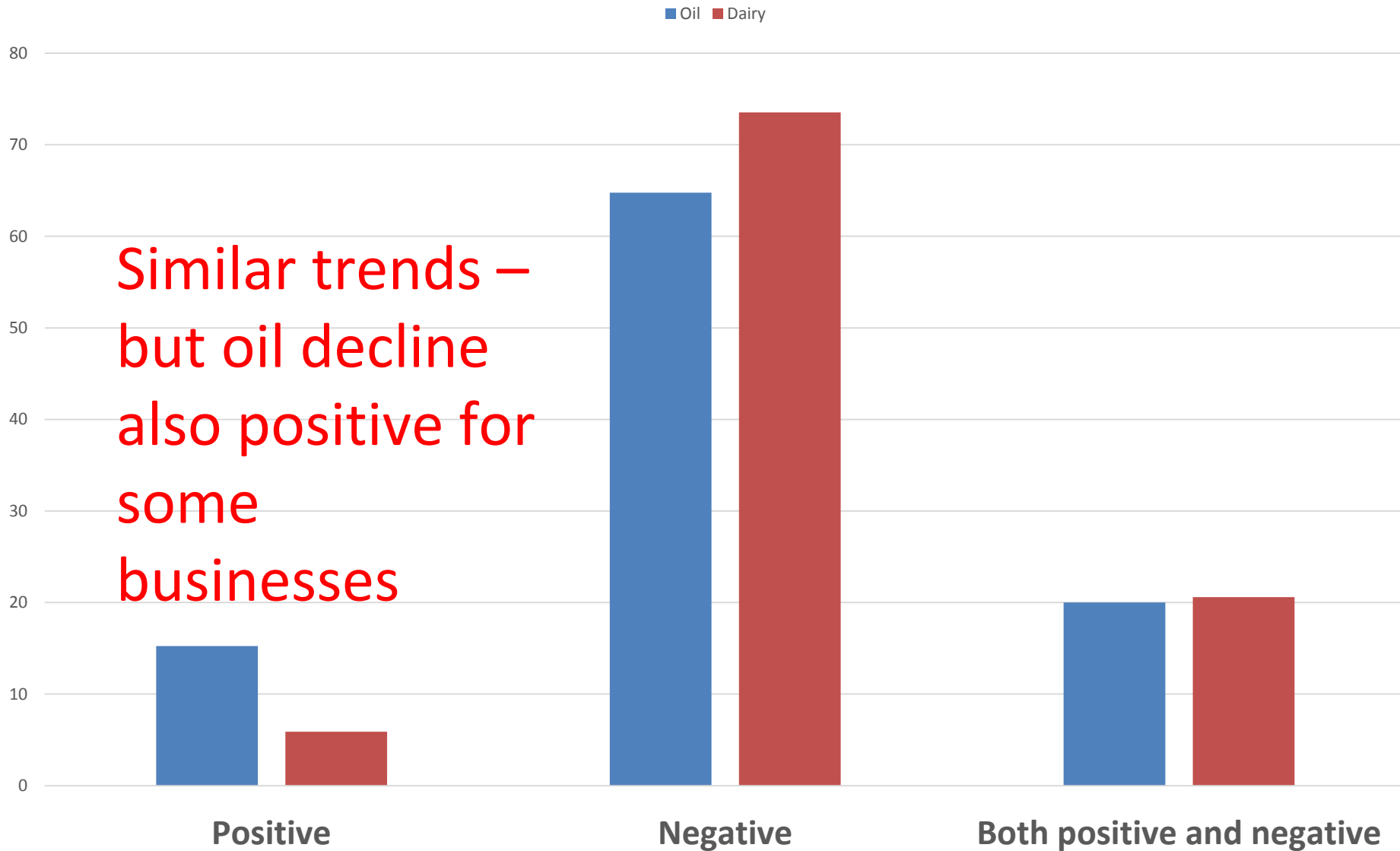
- **“I can’t see oil going over \$65 for a few years. Unless President Trump starts a third world war.”**
- “A myriad of companies here and overseas, are cutting back on non-urgent expenditure, exploration and development activities. There will be an oil price recovery but not to \$US100 per barrel”.
- **“Oil price would have to be at a level at which oil companies would start to invest again in Taranaki for our business to grow back our lost oil related services”**
- “I don’t believe this to be a typical commodity cycle in the context of a carbon constrained world”.
- **“If the price goes too high (ie petrol well over \$2 per litre) it may impact on how many customers we get”.**

# Impacts on business in- Oil v Dairy Price decline

Oil Dairy



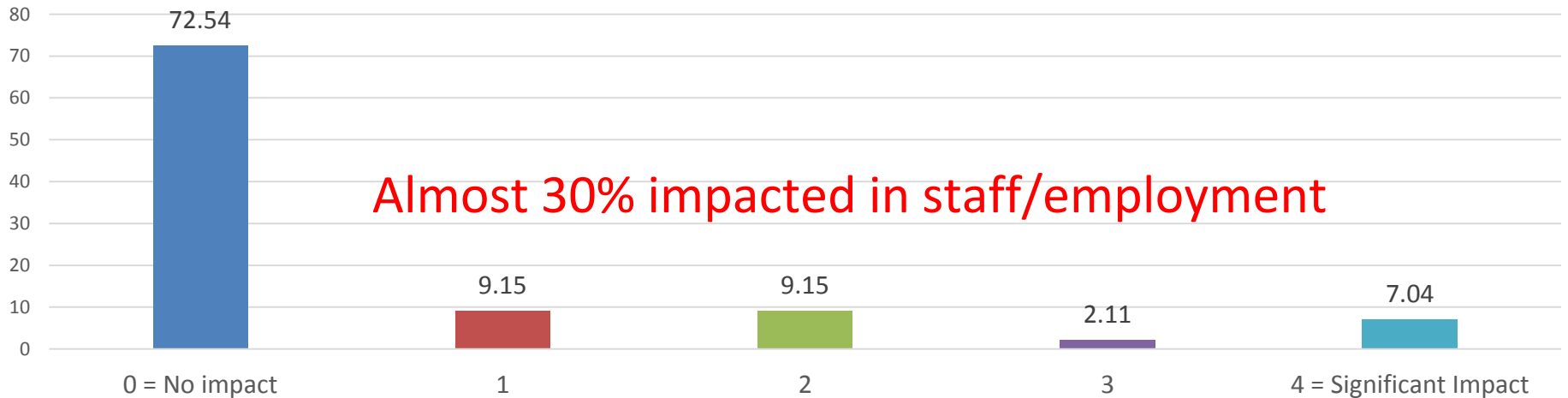
# Dairy v Oil: If Yes - has the impact been ...



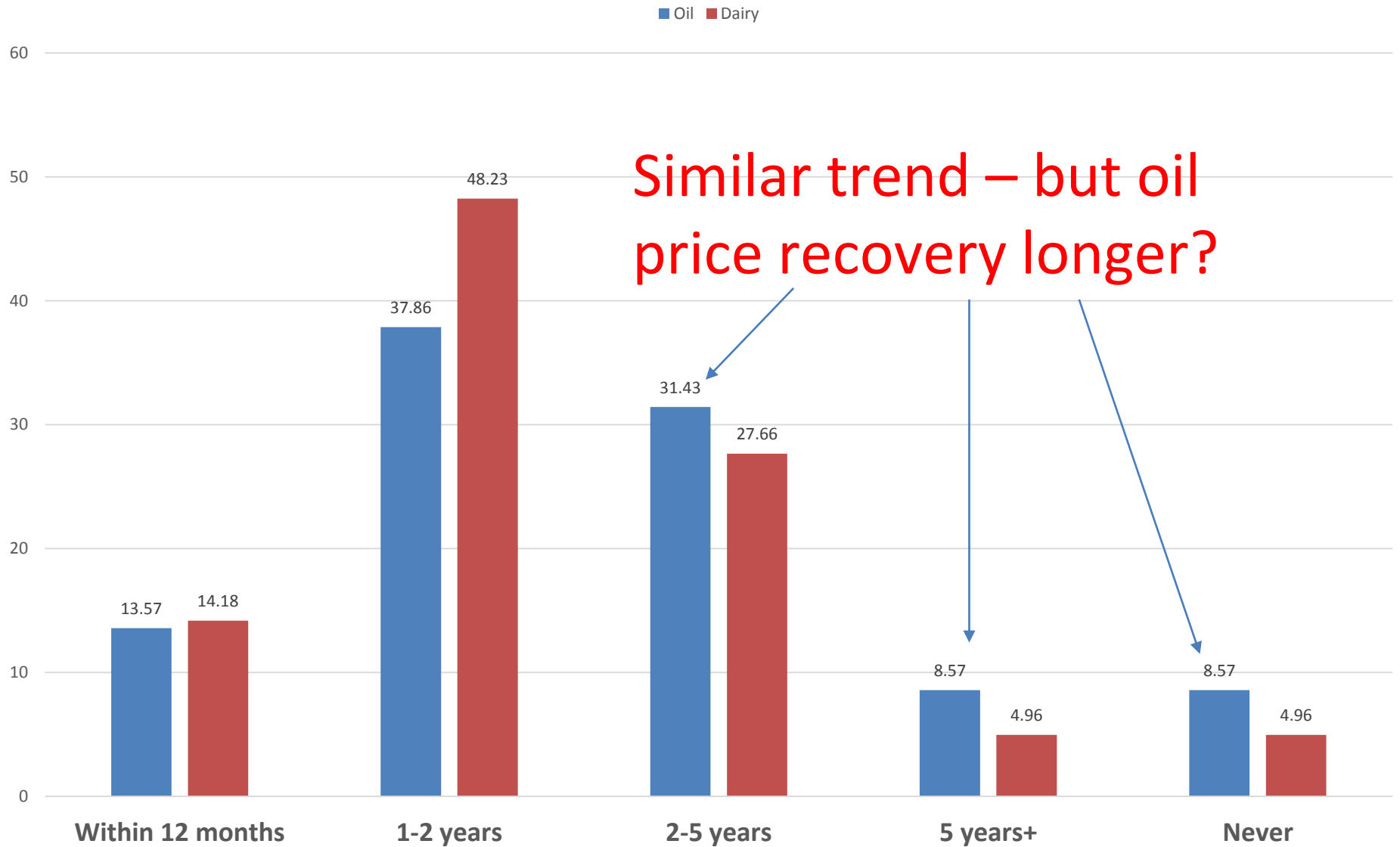
# Dairy Price - Impact on staff/employment



# Global Oil Price - Impact on staff/employment



# Dairy V Oil - When Do You Foresee Recovery?



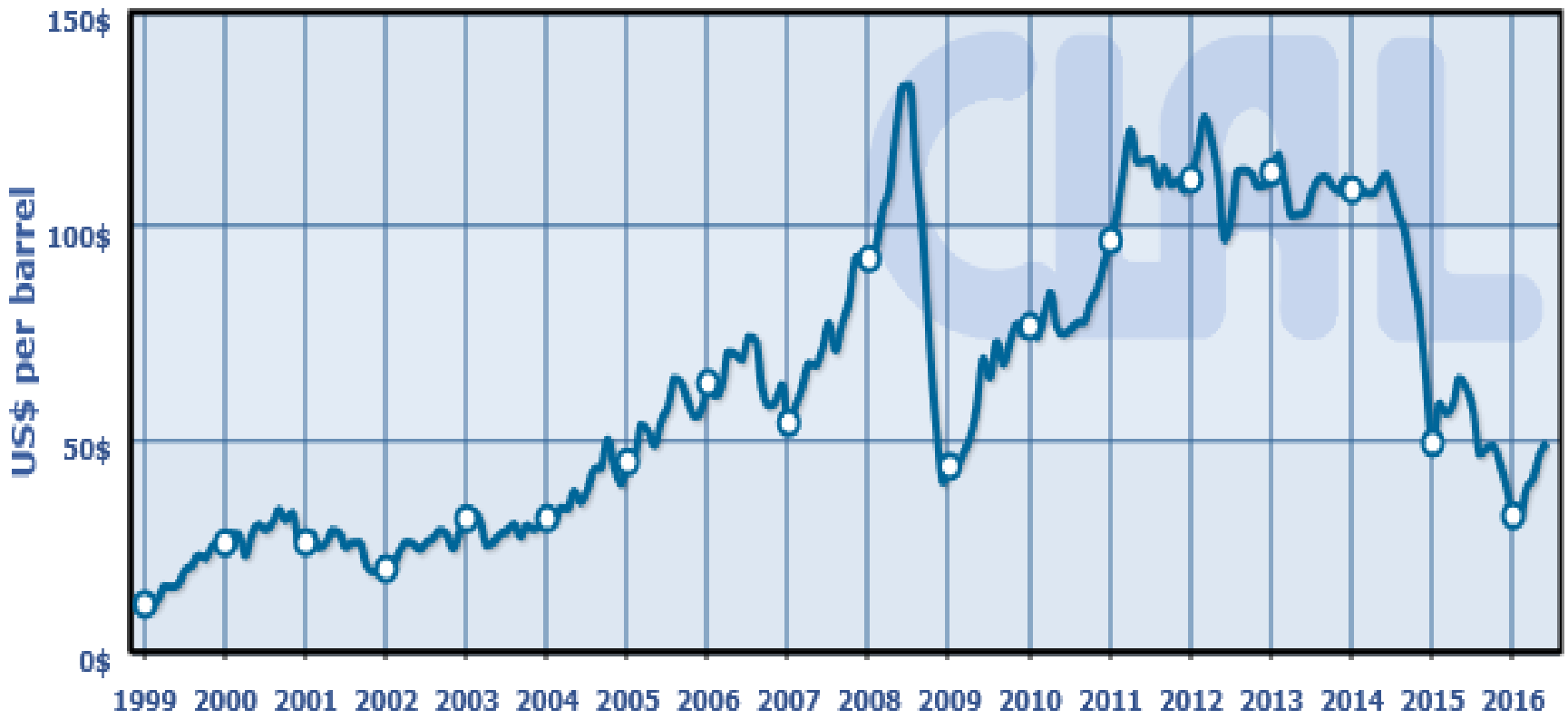


In summary

# Oil Price – the journey thus far

## Brent Oil Price

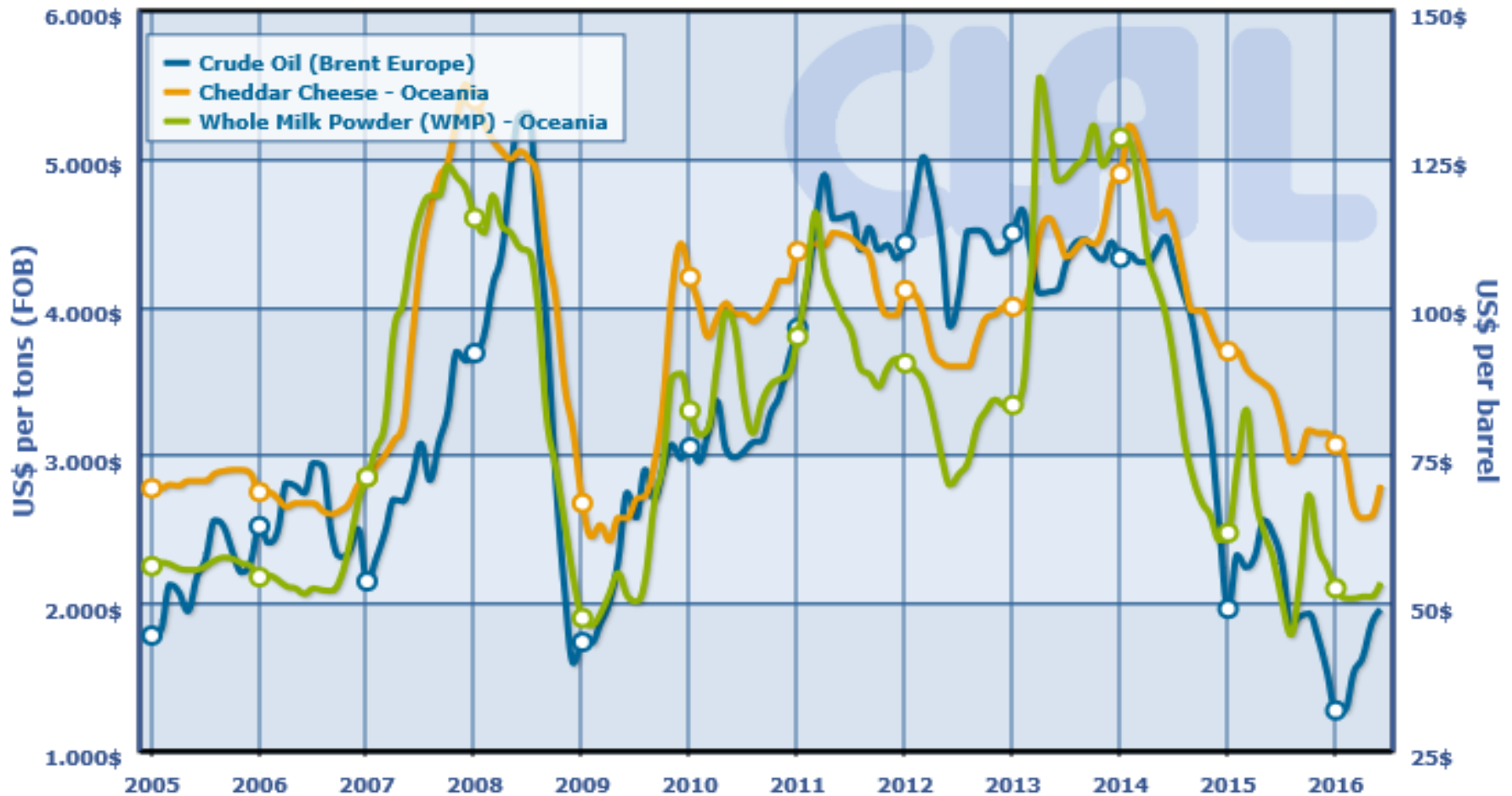
Source: U.S. Department of Energy, Energy Information Administration



# Connections with Dairy?

Comparative historical overview for Crude Oil, WMP and CHEESE price

Processed by Clal



# Taranaki Economy

- **Holding firm**
- **But impacts:** Revenue, confidence, employment
- **Recovery** – takes time
- **Not all negative;** Positive consequences as well
- **Strategies:**
  - Efficiencies, diversification, innovation
- **Recent successes/Possible projects**
- **Positive:** Growth businesses, industries and sectors



Thank you!

[www.taranaki.info](http://www.taranaki.info) for more



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