



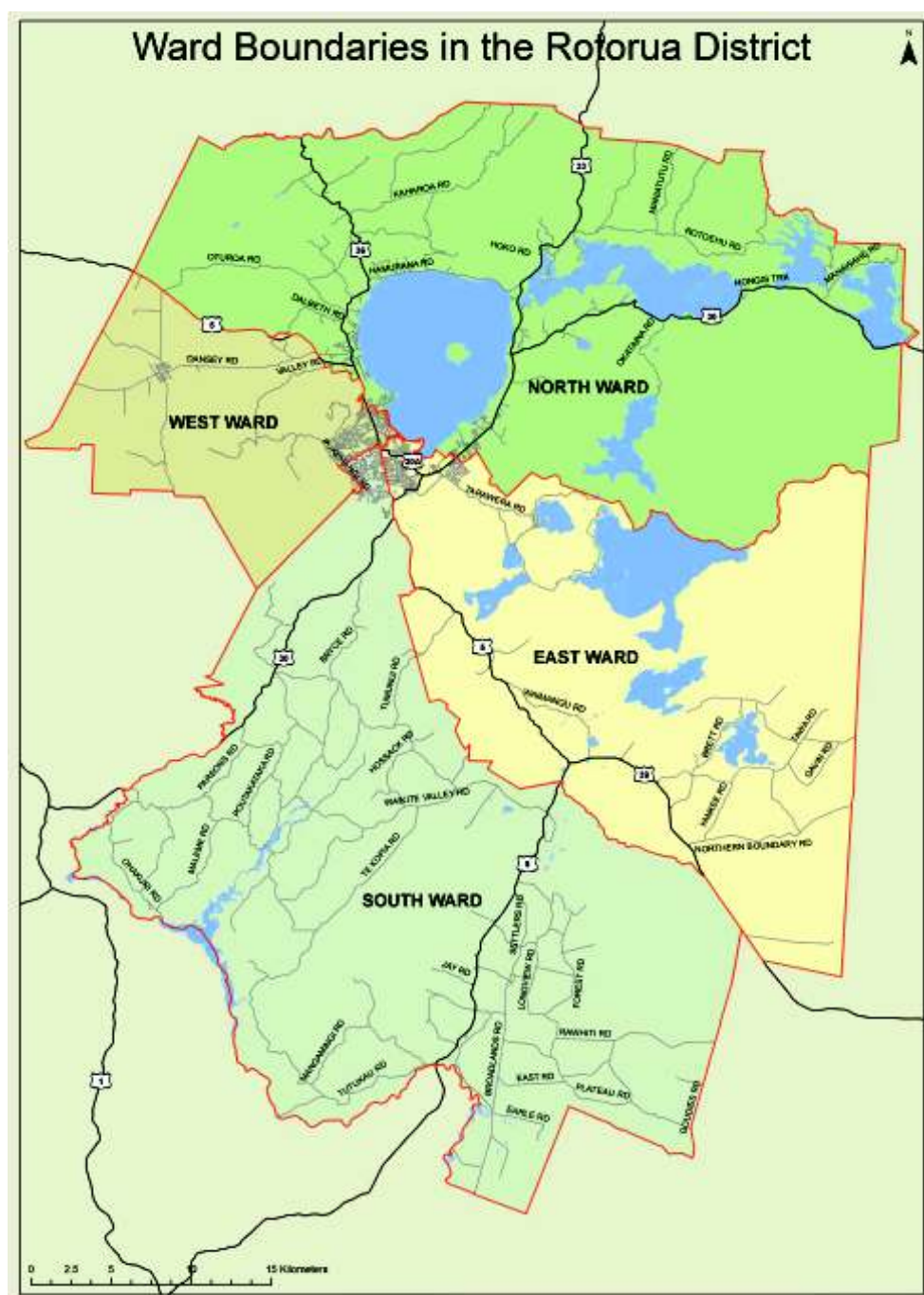
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# RDC Rating Proposal



The Rotorua Chamber of Commerce has made a submission on the proposed rating system (version 2) that is currently being considered by the Rotorua District Council (RDC).

The Chamber acknowledges the work RDC has undertaken as a result of the submissions received on the proposed changes to the first version that were considered in August last year. There was considerable debate with diverse views expressed from across the community. Council has taken cognizance of many of the points raised and although the Chamber still prefers the integrity of a straight non-differentiated capital value system, it recognises that the depth of feeling against capital value in any form makes it unlikely that it will be used as a base model for the general rate.

The group working on the rates submission at the Chamber, CEO Roger Gordon, President Michelle Pleydell and Vice-President Mike Johnson, was pleased to see a number of the key features of the Chamber's submission incorporated in the new version.

The identification and inclusion of a number of targeted rates that reduce the rates revenue raised by the general rate is supported by the Chamber.

In summary, the key points of the Chamber's submission are:

**The UAGC to be defined by a list of services.**

The Uniform Annual General Charge (UAGC) is a fixed amount charged to every ratepayer. The Chamber supports a \$550 UAGC and the concept of defining the expenses included within that rate. This will result in greater transparency and accountability for its expenditure. The expenses that are included in the UAGC will be: Democracy and Kaupapa Maori; Policy and Strategic Planning; Community Assistance; Transport Road Safety; Community Policy; Rural Fire; Civil Defence; Community Halls; Animal Control; Cemeteries and Crematorium; Waste Management/Landfill Planning Implementation; Land Drainage; some District Wide Reserves. Although the Chamber acknowledges that the higher level could have an impact on the lower socio-economic areas, the high percentage of state or investor rental dwellings is unlikely to see an increase in rents as a direct result.

**A business targeted rate established.**

The Chamber supports the concept of a business-wide targeted tax to cover the expenditure on economic development, Rotorua marketing, tourism travel and information, and Events and Venues. However, the submission does recommend further discussion on the differential grid for

the allocation of the rate across various sectors of business. The submission highlights the large number of key tourist activities that are situated in what will be classed as the rural sector.

**An urban/rural boundary be established.**

Although the Chamber continues to advocate for the abolition of a urban/rural fence, it accepts that under the proposed system of land value based rates, there is a rationale for the continuation of a boundary as a method of identifying rural and urban ratepayers. However, the Chamber would not wish to see this boundary become an established line. As new residential areas are developed and / or services are extended, then review of the boundary should be undertaken.

**A targeted rate established for roading but on an urban/rural basis.**

The Chamber fully supports the concept of a roading targeted tax. The move within the rating methodology to identify components of expenditure that have particular user benefit is applauded. The Chamber's submission recommends that the rural and urban targeted rates be split to rating groups as defined by the urban / rural boundary. It supports a fixed component but recommends the allocation of the balance of the rate be on a land value rather than capital value.

Continued on Page 2

## RESULTS OF FAST SURVEY

During the week of 9 to 13 February the Chamber conducted a Fast Survey to determine the opinion of its membership on the preference for a 'Ward' system or an 'At Large' system for the local authority elections.

The results were:

146 participants representing 23.2% of the Chamber's membership

In favour of the Ward System	23	15.7%
In favour of the At Large system	123	84.3%

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Continued from Page 1

**The general rate assessed on land value.**

Although the Chamber still supports capital value as the method for allocation of the general rate, it acknowledges that the introduction of the two targeted rates and the higher level of UAGC have considerably reduced the total revenue fund that is to be collected by the general rate. We acknowledge that RDC has made a pragmatic decision to retain land value as the basis for allocation. We can accept the RDC decision on this methodology. We also acknowledge the need to introduce a differential on land values to address historical rates collection from the different sector groups (residential, business, farming) within the community. The lesser amount allocated by the general rate will result in the impact of the differential not being as great an influence as it has been in the past.

**A three year transition arrangement for the commercial accommodation sector**

The Chamber continues to be concerned about the impact on the accommodation sector and supports the concern voiced by the Rotorua Hotel Council and the Rotorua Motels Group. The commercial accommodation sub-sector under the proposed version 2 experiences an overall REDUCTION in the rates generated. However, within that sub-sector, about 20 per cent of motels and most of the hotels experience an increase in rates. The unique characteristic of the commercial accommodation sector is that it works in a global marketplace that establishes wholesale room rates three years out from stay date. It is impossible for operators to change room rates immediately to the wholesale sector to cope with the increased rates. The current softness of the global economy is anticipated to have considerable affect on international tourist arrivals to New Zealand. The projected downturn on the upper market motels and the hotel sector in general is being projected to be as high as 40 percent. This will mean that the international marketplace for tourist destinations will become more competitive. This is not the time to impose considerable increased costs on this important sector of the Rotorua economy. The Chamber recommends that RDC considers a three year transition arrangement that spreads the impact of the new rating system on the commercial accommodation sector.

**No recognition of SUIPS (Separately Used or Inhabited Parts)**

The RCC recommends that a mechanism for SUIPS is not introduced. Many of the ratepayers that would come under the consideration for additional UAGC charging as a result of SUIPS consideration are in the business category. As previously identified in RDC's information releases on rating methodology, there are challenges with the administration and equity of the application of any such policy. The business sector is already taking a higher burden of the rates by the imposition of a business differential.

**No recognition of PARTS (Parts of Private Residence Used for Business)**

The RCC recommends that a mechanism for PARTS is not introduced. It would be very difficult to identify ALL ratepayers that have multiple use of individual rateable property. There is a considerable number of home businesses that are not recorded or identified. If it is not possible to identify ALL then it is inequitable to apply the rate to some. The Chamber recommends that RDC consider alternative strategies to address sub-sector groups on the provision that application of any strategy be consistently applied to all rating units within the identified group.

**Consideration of the overall rates burden on business**

The Chamber would urge RDC to carefully consider the level of rates applied to the business sector. There is concern at the low level of annual growth of Rotorua. Application of a differential, both on a business targeted rate and the general rate, and the application of other direct business costs such as the development contribution levy, are inhibitors to business growth in the city. The forecast soft business environment is going to be a considerable challenge for Rotorua's key business sectors. Increasing the pressure on these sectors could have a negative impact on the employment and

**ACKNOWLEDGEMENT**

A full version of the Chamber's submission is available on the Chamber website [www.rotorua-chamber.co.nz](http://www.rotorua-chamber.co.nz) News and Documents page

# Rotorua Property Market Review

Welcome to our market report covering the Rotorua District for the fourth quarter of 2008. We hope you find our market research informative.

The period under review covers October, November and December of 2008.

Total residential sales of 206 in the fourth calendar quarter of 2008 were down 36.8% from the same period in 2007 when 326 homes sold, but up from the 180 dwellings sold in the third quarter of 2008. The fourth quarter continued the trend of significant year-on-year declines in sales volume.

Residential house price rises have tailed off, with the median sale price being \$230,000 in the fourth quarter of 2008, down 10.5% on the \$257,000 recorded in Q4 2007, and down a significant 15.8% on the \$273,125 recorded in the third quarter of 2008.

At the same time the median time taken to sell a residential property has continued to lengthen at 53 days compared to 44 days a year ago, but has decreased from the 63 days taken during Q3 2008.

Rotorua, during the quarter, reflected the broader New Zealand market where volumes declined 35.7% on the same quarter in 2007 (continuing the trend of declining volumes compared to last year), with prices showing a 4.6% decline to \$333,900, while the days-to-sell lengthened substantially to 45 days, up from 35 days during the same period in 2007. When looking at individual suburbs it is clear that the results reflect the changing broader market.

Only Lynmore experienced sales volume even consistent with a year ago, with all other suburbs showing significantly lower volumes of sales. Prices were down, some significantly so, with the exception of Tihiotonga which increased slightly. The time taken to sell was, however, not consistently following the national trend, with some suburbs, notably Fordlands, Glenholme, Ngongotaha, and Rotorua Central, showing a decline in the time taken to sell. Maybe property owners in

those suburbs have been quicker to react to the prices purchasers are willing to pay?

At the top end of the market there was a single sale of \$700,000 or more, compared to 10 sales in Q4 2007, and 4 sales over that amount in Q3 2008.

During the quarter six properties sold above listing price, while 27 sold at listing price, and 125 sold below listing price (48 sales had no listing price available for analysis). On average properties sold 5.7% below listing price. This compares to 190 that sold below listing price in Q4 2007, with 39 at listing price, and 12 in excess of their listing price, for a total of 4.7% below listing price. If we use 5% below listing price as an indication of a stable market, it is clear that the Rotorua market has moved to a market that perhaps favours buyers relative to where it was 12 months (and more) ago.

In summary, volumes have continued the significant decline of previous quarters when compared to 12 months ago. Prices have declined compared to the same time a year ago and the time taken to sell continues to lengthen. It is clear that the market today is one that favours buyers. The market is clearly showing a changing dynamic in which the balance of power has changed from sellers to buyers.


The "Mexican Standoff" where sellers are not willing to meet prices buyers are willing to pay (and hence volumes decline and days-to-sell increase) is clearly evident. However, as can be seen within some individual suburbs, it appears that the market is acting rationally and normally, evidenced by the fact that sellers are starting to adjust price expectations to match what buyers are prepared to pay.



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## 2009 Will Be An Interesting Year



Rotorua Mayor, Kevin Winters

President Obama, in his inaugural address to the people of America, gave his vision of hope and the desire to return to the values that made America a great country. One of his many comments I noted was "the role of government is not whether how big or small it is, but does it work!"

One of my key focuses this year will be that very question - "Does government work for you!"

Our new customer centre is open. This new centre will deliver a better, improved and faster delivery of service to our customers. This is an example of Rotorua District Council working better for you. Councillors and I will closely monitor progress.

Other major projects this year that I will focus my attention on are:

- TransTasman airport development
- 10 year plan review and Annual Plan adoption

- Developing a new rating structure for the district
- 3rd stage of the Museum redevelopment
- Local and state highway roading projects
- New wastewater scheme for lakeside properties
- Back stage of the Civic Theatre redevelopment
- District Plan review.

These reviews and projects are an ongoing commitment by Rotorua District Council to deliver and work for you. We need to ensure our organisation enhances our community without "breaking the bank".

On 27 February in Auckland John Key will hold a National Employer Summit. Subsequently the Ministry of Social Development will hold a Bay of Plenty Regional Summit, focusing on keeping people in jobs. The purpose of the Summit will be to focus on a clear and

practical plan to minimise job losses during a recession. What can employers, unions and governments do to ensure maximum employment during difficult economic times?

Should employers receive short term subsidies to retain and improve the skills of staff. The Bay of Plenty Job Summit on 17 April at the Energy Events Centre should be well attended!

This government has committed to speed up infrastructure development to reduce the impact of a recession. Lessons from Japan indicate that this can be done and did work to improve the Japanese economy 20 years ago.

So President Obama's words "does government work" will ring long and hard with me this year. I am committed to making sure our residents are accorded the best possible service from the Rotorua District Council.

## First Three Months as Rotorua's MP



Todd McClay, Your MP

The last three months as Rotorua's Member of Parliament have gone by quickly. We have seen John Key move swiftly as Prime Minister to establish an inclusive new government and have been equally as quick to meet a number of electoral commitments to introduce or pass laws for tax cuts and around policing and crime in the first 100 days of office.

This month we saw the introduction of legislation to amend the Resource Management Act, something that National campaigned strongly on. We have made a commitment to pass this Bill into law by the end of this year. Our amendment will keep current levels of environmental protection but importantly reduce unnecessary delays, tiresome over-compliance requirements and costly bureaucracy. Specific time frames for Councils and the Environment Court to make rulings will help give certainty to business and will mean that important projects in the Rotorua area have a better chance of going ahead more quickly.

In 2009, it is expected that New Zealand will not be sheltered from the economic crisis which is challenging the world's economy. It is going to be a difficult year for many New Zealanders and it is important that we put in the hard work now, to take the sharp edges off this slowdown and to invest wisely for the future. It is imperative that as New Zealand's economy improves, we in Rotorua are well placed to benefit from new opportunities in forestry, farming and tourism

In the coming months, Easter Trading for Rotorua is going to be the focus of my attention. Rotorua as a tourist destination has more to offer than any other New Zealand city. With the advent of Rotorua Airport going International later this year, the need for visitors to be able to eat, drink and enjoy themselves over this holiday will become more pressing. I am under no

illusions however, to finally have Parliament recognise the importance of Easter Trading for Rotorua, will take great effort. I will be calling on the Chamber and its members to support me in this process as we make our case to other MPs.

I have recently opened an office at 1241 Amohau Street, staffed five days a week from 9am to 5pm. I will be holding clinics on Friday mornings and am keen to hear from Rotorua residents. Drop by or call and let me know what is important to you, and how we can move this great city forward. I would like to extend that invitation to Chamber of Commerce members too. I welcome the opportunity to learn more about your businesses and the commitment we share to Rotorua.

I am hoping to hold regular meetings with the Chamber of Commerce and this is something I am delighted to do. The Chamber plays an important role advocating local and regional issues on behalf of Rotorua's engine room - the businesses that make up our local economy. You will always find me available, eager and willing to listen and I will provide all possible help and assistance that I can.

### ACKNOWLEDGEMENT

Todd McClay MP  
Member of Parliament for Rotorua  
Rotorua Office  
1241 Amohau Street, Rotorua  
Ph 07 3485871.



Friday  
6 March



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**ROTORUA OPTOMETRISTS**



# Rotorua Airport

It is estimated that direct trans-Tasman flights into Rotorua International Airport will bring up to \$16 million in additional visitor expenditure into the Rotorua region annually, according to an economic demand and impact analysis report to the Rotorua District Council

In the not too distant future, when you see a trans-Tasman plane on approach to Rotorua International Airport, it may as well be raining in excess of \$20,000 dollars from its hold, the amount of money visitors from that plane will be spending in the Rotorua economy.

Lofty figures, even then at the lower end of the estimates, but what will it really mean for individual Rotorua businesses?

## A Local Airport

How do you quantify the obvious convenience of having an international airport on your door-step? Simply, it will save you time. Gone will be the days of several hours drive to Auckland, or a little less to Hamilton, to connect with an international flight.

It will be impressive too; if you have business associates coming for a meeting or a conference to organise, they can fly directly to and from Rotorua.

If you are currently exporting then the new airport may enhance this by getting your commodity to market sooner and if you want to export, then the direct air links could open up new markets to grow your business.

## Direct Involvement

It is estimated that a trans-Tasman service between Rotorua and two to three Australian destinations could contribute up to 175,000 passenger movements annually, with 60% of passengers being of 'international residence'. These visitors may be Australian or other international visitors who transit through Australia before arriving in New Zealand. Of the international visitors forecast to use the trans-Tasman services into and out of Rotorua up to half will be 'new' visitors; that is; they would not have visited Rotorua if the airport did not offer a trans-Tasman service.

These additional passengers using the airport will generate new airport jobs in areas such as aviation security, customs, agriculture, check-in, baggage handling and service delivery. More importantly, these 'new' international visitors will stimulate increased demand for accommodation, attractions, activities, shopping and dining.

With more flights and more visitors, businesses will have increased demand for staffing, supplies and services. From an economic perspective there will quite simply be more going on.

## Indirect Benefit through Tourism

Depending on your business, the expanded activity at Rotorua International Airport could provide you with a contract for supply of a service or product to the airport. With more people going through the airport there is a greater demand for coffee, food, magazines, electrical services, and even bathroom supplies!

If you are already a provider of merchandise to souvenir shops, laundry services to accommodation outlets, fresh produce to restaurants, panel beating on rental vehicles or a building contractor refurbishing hotels, then you'll be busier.

The 'new' demand generated by Australian visitors to Rotorua will result in an additional 20,000kg of meat products and 7,000 head of lettuce being consumed annually!

By 2011 it is estimated that each return flight would result in up to \$35,000 being distributed throughout the Rotorua economy. How? Each international visitor staying overnight in Rotorua is estimated to spend \$395 at tourism businesses during their stay. When tourism businesses then spend those visitor dollars on paying staff and purchasing supplies for their business, the total impact of that visitor is equivalent to \$588 in spending, with \$161 flowing into household incomes.

From an employment perspective, an extra three to six full time equivalent jobs will result from every 1000 trans-Tasman passengers.

The property market will see an increase in domestic and commercial property prices. Property prices doubled in Queenstown within the first years after they started direct flights from Australia.

## SPOTLIGHT ON COLORADO

In the US the Colorado Department of Transportation has assessed the benefit of airports in their state during the last 10 years, via three comparative economic studies.

The scale is somewhat different to Rotorua. They talk in billions, we talk in millions plus the survey measures the 14 commercial and 60 general aviation airports in the state. However the economic stimulus to the area is indisputable. Employment increased by 40%, the annual payroll tripled and annual output increased by 128%. The comparative table below details the growth in economic impact over the 10 years.

## VISITORS TO ROTORUA: WILL THEY CHANGE?

It is anticipated that most international flights will be from Australia. Australia is New Zealand's largest single source market for visitors and during this year New Zealand may well host its 'one millionth' Australian visitor in

a year. There is a good basis of awareness in the market and strong linkages both in business and through family members living in Australia.

Already Australia is Rotorua's largest source of visitors. Most come from New South Wales, followed by Queensland and then Victoria. More than one third are classified as 'holiday' makers but there are a significant amount of 'business' Australian visitors, almost one in five.

Despite the current economic uncertainties, the Australian market is holding up well and the national tourism promotional organisation, Tourism New Zealand, is investing \$2million this summer to elevate its vigorous promotion in the autumn, winter and spring seasons. Australian visitor arrivals to New Zealand are still growing with arrivals for the year ending November 2008 showing a 2.5% increase over the same period of the previous year.

Australians are not too dissimilar from us when it comes to travel. Chances are the Australians you may see in Rotorua have been here before and they could have organised this current trip themselves. There is every likelihood they may be travelling in a rental car, stay in motels or with friends and enjoy tramping, short walks, and some of our more adrenalin based activities.

In the future much will be determined by the destinations airlines choose to service into the Rotorua International Airport, but it would be reasonable to assume that NSW and

Queensland would be likely, given their population numbers and existing strong numbers to the destination.

## DEVELOPMENT UPDATE

Last November contractors from Fulton Hogan started to tackle the task of extending the southern end of the runway. This work is expected to be completed by June 2009 with additional runway strengthening work on the entire tarmac scheduled for March 2009.

Currently surveys to review any potential flight obstacles are being completed, with recommendations planned to be implemented by this winter.

The final development stages are being managed to completion including fine-tuning in the terminal. The airport is working with MAF and Customs for their final sign-off of airport facilities so they are ready for use from July 2009. A new central North Island marketing organisation has been formed to market Rotorua International Airport as the gateway to the Central North Island.

With completion of the Rotorua airport to full trans-Tasman capability, discussions with airlines continue in earnest.

## ACKNOWLEDGEMENT

George White, CEO  
Rotorua Regional Airport

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IMPACT OF AIRPORTS ON COLORADO			
	1998	2003	2008
Jobs	246 000	280 000	340 000
Annual Payroll	\$US 42 billion	\$US9.7 billion	\$US 11.2 billion
Annual Output	\$US 14.2 billion	\$US 23.4 billion	\$US 32.2 billion



Over 200 members at the BA5 at the Rotorua Airport to see the new facilities

## GREAT BA5 PROGRAMME ANNOUNCED FOR 2009

The first BA5 for 2009 was hosted by the Rotorua Airport Company in the new international facilities at the airport. Airport company CEO George White gave a presentation on the progress on the work. George has submitted a separate article which appears in this issue of the Tabloid.

The first six months of Business After Five has been arranged and there is a great variety of venues and hosts.

- 24 Feb Rotorua Commercial Travelers Club
- 10 Mar Astral Helicopters
- 24 Mar Stay and Play
- 7 Apr WaiOra Lakeside Spa Resort
- 28 Apr APR Group and The Body Shop
- 12 May Westpac
- 26 May Multi Host Home Renovation
- 16 Jun Van Dykes
- 30 Jun Waiariki Institute of Technology

The concept of Business After Five sessions is growing in popularity. For those who have not attended one of these events, the concept is simple. Members turn up with a stack of business cards at 5.30 pm. Experienced

networkers work the room to talk with as many other members as they can and promote their product or service. At 6.00 pm there is a 15 minute presentation by the host and invariably a 5 minute presentation on Chamber events. At the conclusion of these formalities, its back to networking again until the evening closes at 7.30 pm.

As the only regular business social event in Rotorua, it has become, for many, a regular entry in their calendar. The mix of members attending is varied with companies from many different sectors in Rotorua. The evenings are also a great opportunity to share information on what is happening in the business world.

Attendance at BA5's is free for members of the Chamber of Commerce and refreshments are provided by the host. This programme has become so popular that there is a waiting list of members to host an evening. This year, the programme will include an opportunity for smaller organisations to host and the first of these will be a group of companies involved in offering products and services focused on home renovation in May.

## A Spent Force

2008 was an undeniably tough year. Our latest GDP statistics for the September 2008 quarter show that the economy contracted 0.1% compared to the same period a year ago – the first contraction in annual terms in a decade. In short, households spent less, businesses invested less, and exporters exported less as they faced an unpleasant cocktail of drought, sharply rising costs, declining wealth, and falling global demand. No wonder we were pleased to see the 2008 year draw to a close!

But as we contemplate what is in store for 2009, it is hard not to feel an overwhelming sense of gloom. Nor is it comforting that we share our gloominess with a large number of other New Zealanders. NZIER's latest Quarterly Survey of Business Opinion (QSBO) showed that business confidence fell to its lowest level since at least 1970. Many other indicators are at levels not seen since the 1991 recession. The Westpac McDermott Miller Consumer Confidence survey showed that consumers too, are intensely concerned about the short term economic outlook, despite headline confidence levels suggesting otherwise. It seems the feeling of impending doom is pervasive.

We can largely blame the global economy for our current state of misery. Forecasters are predicting a global downturn far worse than anything we have seen since the 1930s. Confidence around the world has been crushed, sending equity markets into a tailspin, currencies diving, and commodity prices tumbling. Combine that with our already tight local credit conditions and fragile domestic demand, and a renewed

downturn in NZ in the first half of 2009 seems assured. In fact, near term GDP indicators suggest a sharp contraction is on the cards as export demand dries up, consumer spending weakens further, and business investments continue to be delayed.

We are hopeful of a better second half of the year as monetary stimulus from the RBNZ and the next wave of tax cuts puts more money in people's pockets, government infrastructure spend helps to offset a slump in private sector investment, a housing shortage encourages some more new home building, and a return to trend levels of net migration provides an additional boost to domestic demand. But don't expect a sharp rebound. Our forecasts see GDP growth contracting 1.2% in calendar 2009 following an estimated 0.3% growth in calendar 2008.

On a more positive note, an old adage is to never let a crisis go to waste and this one is a doozy. It is a time for firms to be proactive, get on top costs, examine every aspect of the business, focus on debtors and liquidity, force through difficult decisions, and stay close to your bank! Those that come through will be stronger businesses, with fewer competitors, and will be able to make hay when the economic sun eventually shines.

### ACKNOWLEDGEMENT

Donna Purdue  
Senior Economist, Westpac

## The New 90 Day Trial Period An Opportunity To Employ New Staff, Or A Licence To Fire?

On 1 March 2009 the new Employment Relations Amendment Act 2008 comes into force giving employers an opportunity to dismiss new employees within a 90 day trial period without being sued for unjustified dismissal.

Under the new amendment to the Employment Relations Act 2000 an employment agreement may specify a trial period of up to 90 days (the parties can agree to a shorter trial period if they wish), during which an employee can be dismissed and that employee cannot bring a personal grievance or other legal proceedings on the grounds of unjustified dismissal.

The trial periods only apply to employers who employ fewer than 20 employees. Trial periods can only apply to new employees, and only once. If an employer decides to re-employ the employee, the option to agree to another trial period will not be available. The provisions regarding probationary periods under the Act still apply.

Supporters of the new Act argue the new trial period will enable employers to determine the employee's suitability for permanent employment, without the risk of legal proceedings for unjustified dismissal in the event that the employment is terminated. They say it will encourage employment by giving workers an opportunity to work for employers who, until now, were reluctant to take on more staff.

Critics argue the new amendments will simply give employers an excuse to fire employees for no good reason and perpetually employ new employees on trial periods without making the commitment to employ staff long term. They say the new trial periods will take away rights of the employee and argue 90 days may not be enough time for an employer to make a judgment on an employee who is borderline.

During the 90 day period either party may terminate the employment relationship by

notice as long as the notice is given within the trial period. The employee may not challenge the dismissal in the Employment Relations Authority or the Employment Court. Both parties will still be able to access mediation services in relation to the dismissal, but the employee will not be able to challenge the matter further.

The new trial period is not without pitfalls. It is important to note that the new trial period does not give an employee full immunity from being sued. An employee can still invoke the mediation procedures under the Act. Further, an employee will still be able to pursue remedies against the employer for sexual or racial discrimination, harassment, or unlawful disadvantage. Good faith requirements still apply. However in making a decision to terminate the employer is not required to consult with the employee nor give the employee an opportunity to comment on the employer's decision.

If an employer wants to consider employing staff on a trial period it is still a requirement to have a written employment agreement and the trial period needs to be specified and agreed upon.

Time will tell but the National Government's hope is that the 90 day trial period will provide confidence to employers engaging new staff and allow struggling job-seekers to get their foot in the door. It is seen as particularly important for small and medium sized businesses as they often face higher recruitment and dismissal costs relative to larger employers who have teams dedicated to human resources. Smaller businesses therefore face a higher risk in taking a chance on a new potential employee. The trial periods will minimise this legal risk.

### ACKNOWLEDGEMENT

For more information on 90 day trial periods or any other employment issues please contact Fraser Wood- Partner and Employment Specialist at Davys Burton, Rotorua, for all your employment advice.

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# The Search Begins Again...

... Who will be this year's Westpac Business of the Year?



The Rotorua Chamber of Commerce has announced the start of the nomination period for the 2009 Westpac Rotorua Business Excellence Awards.

In announcing the opening of the 2009 Awards, Roger Gordon, CEO of the Chamber of Commerce and Chair of the Organising Committee said, "Westpac and the Chamber are particularly pleased to offer the Awards again this year. In these softer economic times, the process of looking at your business from a quality perspective is the focus that businesses should be adopting. These advantages have been acknowledged by many of the previous entrants. The strong media and publicity opportunities from being announced as a finalist, and then possibly as a winner, extend well beyond the time commitment to prepare the entry."

Any individual or business may nominate any organisation that they believe deserves to be recognised for an award for excellence. Nomination forms will begin to appear in The Daily Post as from Monday, 9 February 2009. The nomination form is available as a download from the Business Awards page on the Rotorua Chamber of Commerce website [www.rotoruchamber.co.nz](http://www.rotoruchamber.co.nz). Go to the Business Awards Page. The nomination

period closes on Friday, 27 March. Those organisations receiving the highest number of nominations will be asked to formally enter the awards.

Organisations may be nominated in any of the Business Award Categories. This year there is a small change to the sponsors of the categories. Reflecting their considerable involvement in retail in the city through Rotorua Central and the central business district, Pukeroa Oruawhata Holdings Limited will now be the naming sponsor of the Retail Business Award. Similarly, the Daily Post are recognising their many years of supporting tourism through their ThermalAir publication. They have given their name to the Daily Post ThermalAir Tourism and Attractions Business Award. The categories of the six business awards from which the ultimate winner, The Westpac Business of the Year, is chosen are:

The Lockwood  
Manufacturing and Trade Business Award

The Pukeroa Oruawhata Holdings  
Retail Business Award

The Daily Post ThermalAir  
Tourism and Attractions Business Award

The Unison  
Service Provider Business Award

The Newstalk ZB  
Community Organisation Business Award

The Destination Rotorua  
Economic Development  
Emerging Business Award

The nomination form provides examples of businesses that are included in the various award categories.

According to Roger Gordon, CEO of the Chamber of Commerce, "We are also asking for nominations for The Rotorua Trust Social Responsibility Award. This award recognises those organisations that contribute so much more to our community by sponsorship or support. Many of them do so without asking for thanks or recognition. This is a chance for the community to let us know of those organisations that are the 'Unsung Heroes of our Business Community.'"

As in previous years, organisations may self-enter the Westpac Rotorua Business Excellence Awards. Since the nomination phase was introduced, approximately half of the entries have been generated from

nominations. A number of organisations consider the entry of the awards as a continuous improvement process. For two of the category winners of the 2008 business awards, Golds Health and Fitness and Castlecop, it was their second year of entering. The feedback they gained from their first entry was invaluable in preparing their organisation for the 2008 entry. Zero to 100 Automotive, the 2008 Westpac Business of the Year, was the Destination Rotorua Economic Development Emerging Business of the Year in 2006, and used that experience to further develop their operations. This dynamic organisation was featured in the January edition of New Zealand Business magazine as a star performing company.

The 2009 entry template is already available as a download from the Chamber of Commerce website for those organisations that would like to start planning their entry now. The official entry period will commence on Monday, 30 March 2009.

The Gala Presentation dinner will be returning to the first week in October. For those who want to make a diary note, it will be held on Friday, 2 October. Tickets will go on sale during September.



## The Search for Excellence

You are invited to nominate those companies or organisations you consider would be appropriate recipients of a Rotorua Business Excellence Award in 2009. You may nominate up to three organisations in each category  
**Your Chance to have YOUR say**

	<b>LOCKWOOD</b> Manufacturing and Trade Business Award	<b>PUKEROA ORUAWHATA</b> Retail Business Award	<b>The Daily Post</b> Tourism and Attractions Business Award	<b>unison</b> Service Provider Business Award	<b>Newstalk ZB</b> Community Organisation Business Award	<b>DESTINATION ROTORUA</b> Economic Development Emerging Business Award
<b>Example organisations for this sector</b>	Plumbers, electricians, builders, vehicle repair, pane beaters, builders supply merchants, engravers, printing services, manufacturers, related industries, forestry, primary industry etc	Retailers, garden centres, motor vehicle dealers, wholesale suppliers, bakeries, travel agents, computer and communication supplies, etc	Restaurants, bars, cafes, night clubs, hotels and other accommodation providers, event organisers, tour guides, tourist transport, tourist attractions, etc	Accountants, lawyers, consulting engineers, healthcare providers, real estate companies, insurance providers, investment advisors, broadcasters (TV & radio)	Not for profit organisations, 100% government funded educational institutions, health service providers, local government organisations, community trusts, community service organisations, etc	Any organisation that has been in existence for less than two years as at 31 March 2009
<b>Last year's finalists</b>	G.J Gardner, Totalspan Rotorua, Zero to 100 Automotive (W)	Firestone Old Taupo Road (W), Sheila Turner Picture Framers	Agroventures, NZ Riverjet 2004 Ltd (W), NZONE Rotorua, McDonalds Family Restaurants	Golds Health and Fitness (W), Kirsty Gerlach Hearing, ThisIsMe Web Solutions	Castlecop (W), Citizens Advice Bureau, Sport BOP, Tipu Ora Charitable Trust	Essence Café, Lakeland Queen (2006) Ltd, One Stop Parts, Talent ID Recruitment Specialists (W)
<b>Nominated Organisation</b>						
<b>Nominated Organisation</b>						
<b>Nominated Organisation</b>						
<b>Rotorua Trust Social Responsibility Award.</b> This award recognises those companies that have given back to the community by means of sponsorship or support of your organisation – in many cases, the 'Unsung Heroes' of business.	We nominate: Your organization name and contact details:					

The organisations that receive the highest number of nominations will be approached to submit a Business Awards entry. Nominations submitted in this form CLOSE on 31 March 2009. Organisations may submit an entry without being nominated.  
**COMPLETE THIS FORM AND**

EITHER Email to [support@rotoruchamber.co.nz](mailto:support@rotoruchamber.co.nz) OR Mail to Chamber of Commerce, Box 385, Rotorua 3040 OR Fax to 349 1388

# BUSINESS RESOLUTIONS FOR 2009

The start of a new year usually brings resolutions of a personal kind. But have you put any thought into what the New Year resolutions will be for your business?

The beginning of the year is the perfect time to evaluate business performance and plan for improvements. We are currently facing a very challenging economic period, so preparing your business now will ensure you are in the best position to take advantage of opportunities as they arise during the year. Here are some resolutions you might want to consider:

## PLAN AHEAD

Now is a good time to sit down and write a one month and one-year business plan. Note the changes you want to make and the steps you need to take to bring you closer to your goals. Consider where you thought you would be by now – and where you actually are. Ask yourself where you want to be in five years and use your yearly goals to achieve that.

## SET FINANCIAL GOALS AND MILESTONES

A five-year financial plan will help you reach your goals. Milestones need to be identified as they will determine the next steps for your business. Remember, your business not only needs to support you now, it needs to provide for your future.

## CREATE A FINANCIAL MODEL

What are your business' income, direct costs, wages, overheads and marketing costs? How

do these relate to product sales, price and volume increases, customer numbers or working hours? How much time will you need to do the work and associated marketing or promotion?

## MONITOR PERFORMANCE

Work with your accountant to identify financial targets and prepare a monthly report that highlights the key performance indicators of your plan. Introduce a 12-month rolling cash flow system. Evaluate the success of your business based on profit, not revenue.

## KNOW YOUR CUSTOMERS

Try categorising your customers. Identify which are the most valuable and set aside time to let them know how important they are to you. Customers enjoy doing business with people they feel care about them. Creating a trusting relationship is important because a strong customer base will drive the growth of your business.

## STAND OUT FROM YOUR COMPETITION

Take a good, hard look at your business and ask yourself how you've distinguished your business from your competition. Then determine what you'll have to do, and how much it will cost, to put your business at the top of your market.

## STAY FOCUSED

Take a close look at any side ventures related to your business that you are involved in. Business owners sometimes invest in other ventures only to find that what they're really best at is their core business. Evaluate projects to determine if they're giving you a rate of return equal to your primary business. If they aren't, it could be time to evaluate what you need to concentrate on.

## REFRESH YOUR BUSINESS

If your business is stagnating, ask yourself "Why?" Are your staff tired? Does the team need an infusion of new blood, or is it a leadership issue? Consider holding regular team meetings to generate new ideas and get business input. If you discover something negative, turn it into an opportunity to make positive changes in your business. Be a leader, show positive energy and integrity so people will follow you forward. And be prepared to trust people to do their jobs well, because you should spend as much time as possible working on your business, not in it.

## TAKE QUALITY TIME

Finally, take enough time for yourself and your family or friends. The main reason many people go into business is so they will have more time with their families, more control over work hours or autonomy over how their

time is spent. Asking yourself some hard business questions early in the year will set you up for success. A lot of small business owners either spend too much time struggling to get customers and earning too little money, or become victims of their own success. You can overcome these problems by identifying them early and doing something about it, making 2009 a business year to remember in the process.

## ACKNOWLEDGEMENT



Don Stewart is a Chartered Accountant and Director of Nairn Fisher Limited, Rotorua.

## Some Positive Sides to the Recession

2009 is going to be a very tough year for Rotorua's business community.

The world recession is only just beginning to be felt here. Unemployment figures are creeping up. Job vacancies are drying up. Key industries such as tourism and hospitality have had a better summer than expected.

I was fortunate enough to travel through Europe late last year. Economies there are really hurting. Unemployment is rising rapidly across western Europe. Similarly, I understand, in North America. I remain hopeful that New Zealand's economy will be protected somewhat by some key economic variables. The lower NZ dollar makes our goods and services more competitive.

Lower interest rates equally encourage improved capital investment and reduce borrowing costs for business (as well as home owners). Equally important for our export industries has been the drop in the price of oil. We have seen in NZ over the past three decades that our economy is more at risk than most of increasing fuel and transport costs.

Another positive is the widely held view that the Asian economies will continue to grow in real terms and that Australia, and therefore NZ, will do better than many economies which rely more heavily on the West. This is not the first financial crisis facing Asia. China and India particularly are still growing.

Recession is also often a good time for investment and even starting up a new business. Exit of old companies allow room for entry of new ideas and new ventures. This is part and parcel of the normal and healthy economic cycle in any market-led economy. The most efficient businesses remain.

As a microeconomist I am often reminded of the theory around "minimum efficient scale" (m.e.s.). There is a very good reason why most industries are made up of largely similarly sized firms. The relationship between the owner, management, and the size of staff all impact on the m.e.s. Supermarkets all tend to

fall into a specific size range, as do petrol stations, as do hotels, as do restaurants, plumbing businesses etc. Most businesses can compete at a particular size which is common for that industry alone and is due to the production costs around the key factors of production; the costs of staffing, capital, management.

Recessions are a good time to clean up businesses which fall outside that size range and where economies of scale are either reducing or dis-economies increasing. Businesses which are too small tend to exit, as do businesses which are too large.

This is a complex science (as is all economics) to explain, but the market will find its own equilibrium as do employers mostly through sound judgement and learning from trial and error. The supply-side of markets remains as intriguing as the demand-side. Too often business owners ignore m.e.s at their own peril.

Of course all western governments currently are looking at propping up economies through spending on capital investments aimed at protecting GDP and lifting productivity. Equally important is a skilled workforce. Now is a perfect time for investing in staff through training and education.

There is nothing more certain than the business cycle, although predicting lengths of recessions can be more tricky. When the upswing occurs it will be just as important to have well qualified and skilled staff as it has been in recent years of skills shortage. NZ is lagging behind OECD productivity measures. Let's hope our Government realises this is also a good time to invest in education and

especially for our young people and through retraining for the unemployed. We simply cannot afford to create a new under-class of long-term unemployed and especially amongst our workforces new entrants.

## ACKNOWLEDGEMENT

Dr Pim Borren  
Chief Executive  
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