



**Dominion Post Poll**

**November 2007**

## **Confidence in the economy remains downbeat although optimists still outnumber pessimists in confidence about their own trading conditions**

This survey is based on a sample of n=301 Small Business Enterprises (less than 20 employees) in the greater Wellington region (Wellington, Porirua, Upper Hutt, Lower Hutt, Kapiti and Wairarapa), selected at random from the telephone directory. The survey was conducted by telephone between the 12<sup>th</sup> and 15<sup>th</sup> of November 2007.

The respondent was the person responsible for most of the decision-making in the business concerned. The maximum sampling error at the 95% confidence level is  $\pm 5.6\%$ .

### **Survey highlights**

#### ◆ Economic perceptions:

- ◆ 15 percent of respondents interviewed believed the condition of the New Zealand economy would either “get much better” or “get better” in the next six months.

This compares with one-third (33 percent) of respondents who believed it would worsen.

These results are similar to the August 2007 outlook.

- ◆ Nevertheless, respondents felt their industry sector would not be significantly affected by the general deterioration of the economy. In fact, most believed their trading conditions would remain relatively stable (46 percent) or improve (40 percent).

In comparison, 10 percent felt their trading conditions would worsen.

#### ◆ Telecommunications:

- ◆ Just over half of respondents (51 percent) believed that telecommunication services currently available to their business were ‘good’ or ‘very good’, while 24 percent believed that services were ‘poor’ or ‘very poor’.
- ◆ Just under half of those interviewed reported that getting faster broadband was a significant concern to their business (43 percent), and 29 percent would pay more for faster broadband if it were made available.
- ◆ 17 percent of respondents reported that their business uses voice over Internet communications.



◆ Climate change and Carbon trading:

- ◆ Respondents were divided on whether New Zealand should or should not be a world leader in adopting climate change policy or a 'fast follower' (both 47 percent).
- ◆ Three quarters of respondents interviewed reported that environmental concerns were a factor in their business decisions (77 percent), with 21 percent reporting that they weren't a factor.
- ◆ 52 percent believed that environmental concerns would be of more importance for their business decisions in three to five years time, with 42 percent believing that they would be of the same importance.
- ◆ Half of respondents (51 percent) reported that they understood how carbon credits worked, and of those, 31 percent would consider trading them.
- ◆ One-quarter of respondents reported that carbon credit trading would fit with their environmental business goals (27 percent), or that it would be expected or appreciated by their customers (25 percent).

◆ Energy:

- ◆ Most respondents (83 percent) support the Government's move towards New Zealand having 90 percent renewable power.
- ◆ 71 percent supported the idea of wind power, with 40 percent supporting hydro power. Just under half of respondents suggested other forms of renewable power such as solar, geothermal and tidal.
- ◆ Three quarters believed (72 percent) that power costs for their business would increase as a result of the Government's move to 90 percent renewable power, and of those, 53 percent believed that the increased costs would be significant to their business.
- ◆ 48 percent of respondents reported that rising power costs had affected the profitability of their business.

◆ Terrorism:

- ◆ Most respondents reported that Maori Treaty claims were not a concern to their business (88 percent).
- ◆ One-third of respondents (35 percent) believed that recent 'domestic terrorism' would be a threat to New Zealand business. Similarly, 29 percent believed that activist groups such as animal rights groups or Greenpeace would be a threat.
- ◆ 19 percent reported that international terrorism influences the countries they deal with.
- ◆ Three quarters believed that the New Zealand Police do a good job for New Zealand business (73 percent), with 10 percent believing they did a bad job.



◆ Political perceptions:

- ◆ Satisfaction with Mr Key's performance (and to a certain extent, Mr English's performance) has decreased for the first time since Mr Key became Leader of the Opposition. In August, satisfaction with Mr Key's performance was 67 percent and it is now 51 percent.
- ◆ Mr Key's current satisfaction rating is now the same as Ms Clark's (49 percent). Ms Clark's rating has remained at this level for four survey periods.

# Beliefs about the New Zealand economy and business trading conditions

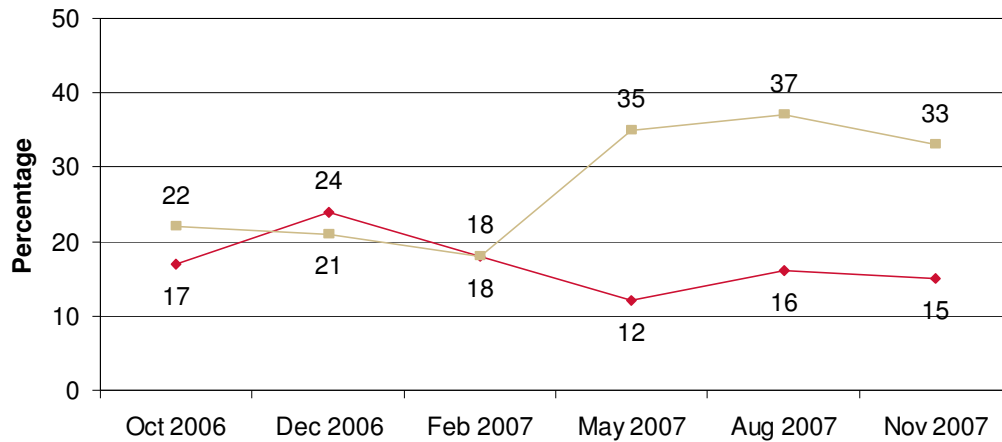
**Table 1: Beliefs about the current state of the New Zealand economy**

Q6. Now, thinking about the outlook over the next six months for the New Zealand economy as a whole. Do you think the economy will get better, get worse or stay the same?

	November 2007 n=301 %	August 2007 n=293 %	May 2007 n=300* %	February 2007 n=300 %	December 2006 n=300 %	October 2006 n=300 %
Get much better	2	1	1	2	4	2
Get better	13	15	11	16	20	15
Stay the same	46	42	48	58	46	55
Get worse	29	33	33	16	18	18
Get much worse	4	4	2	2	3	4
Don't know/no opinion	7	4	4	7	8	6
Refused	0	0	0	0	0	0
Total	100	100	100	100	100	100

Total may not sum to 100% due to rounding.

\*Sub-sample based on those respondents who were asked this question.



**Beliefs about the New Zealand economy**

—◆— Get better/much better    —■— Get worse/much worse

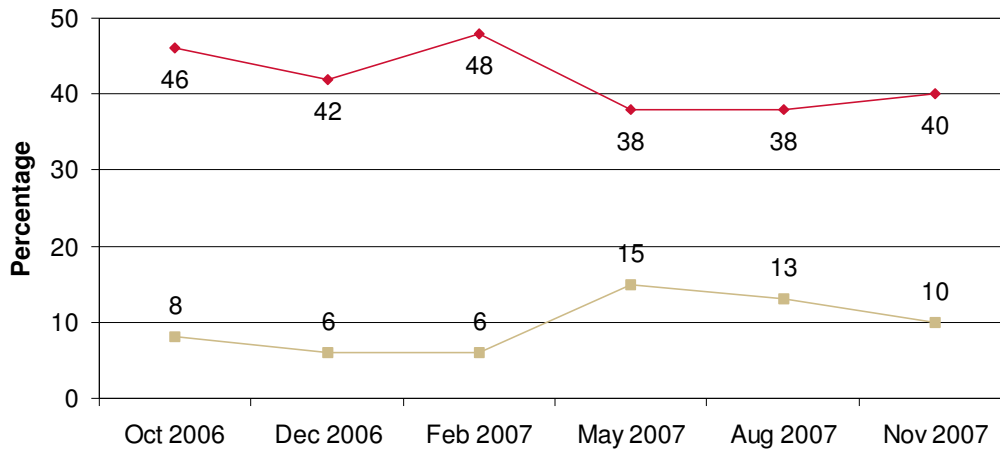
**Table 2: Beliefs about current trading conditions**

Q3. Over the next six months do you expect trading conditions for your particular business to get better, get worse or stay the same?

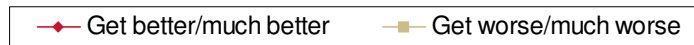
	November 2007 n=301 %	August 2007 n=293 %	May 2007 n=300* %	February 2007 n=300 %	December 2006 n=300 %	October 2006 n=300 %
Get much better	10	11	8	14	15	17
Get better	30	27	30	34	27	29
Stay the same	46	47	43	43	50	42
Get worse	9	11	13	5	5	7
Get much worse	1	2	2	1	1	1
Don't know/no opinion	5	1	4	2	3	4
Refused	0	0	0	0	0	0
Total	100	100	100	100	100	100

Total may not sum to 100% due to rounding.

\*Sub-sample based on those respondents who were asked this question.



**Beliefs about trading conditions**



**Table 3: Beliefs about future employment**

	November 2007 n=294* %	August 2007 n=283* %	May 2007 n=376* %	February 2007 n=291* %	December 2006 n=299* %	October 2006 n=287* %
<i>Q32/34. Do you expect your business to employ more, the same or fewer full-time staff in the next six months?</i>						
More	21	19	23	23	16	22
The same	71	72	72	70	75	68
Fewer	9	8	5	8	9	10
Total	100	100	100	100	100	100
<i>Q33/35. Do you expect to employ more, the same or fewer part-time staff in the next six months?</i>						
More	16	16	13	16	17	19
The same	74	79	80	76	76	72
Fewer	9	5	6	8	7	9
Total	100	100	100	100	100	100

Total may not sum to 100% due to rounding.

\*Sub sample excludes those who 'Don't know' or 'Refused' in regards to employment outlook.

## Specific areas of interest

### Telecommunications

**Table 4: Beliefs about telecommunications**

	Base =	Total 301 %
<i>Q8. How would you rate the telecommunication services that are currently available to businesses like yours? Would you say they are...?</i>		
Very poor		5
Poor		19
Neither good nor poor		25
Good		41
Very good		10
Don't know		1
<b>Total</b>		<b>100</b>
<i>Q9. And is getting faster broadband a significant concern for your organisation?</i>		
Yes		43
No		56
Don't know/no opinion		2
<b>Total</b>		<b>100</b>
<i>Q10. Would you pay more for faster broadband if it were available?</i>		
Yes		29
No		63
Depends how much it costs		4
Don't know/no opinion		4
<b>Total</b>		<b>100</b>
<i>Q11. Do you use voice over Internet communications for your business as an alternative to local providers?</i>		
Yes		17
No		81
Don't know/no opinion		2
<b>Total</b>		<b>100</b>

Total may not sum to 100% due to rounding.

## Climate change and Carbon trading

**Table 5: Beliefs about climate change and carbon trading**

Base =	Total 301 %
<i>Q12. Should New Zealand be a world leader in adopting climate change policy or should we wait and see what other countries do first and be a 'fast-follower'?</i>	
Be a world leader	47
Be a fast follower	47
Don't know/no opinion	6
Refused	1
Total	100
<i>Q13. Which of the following best describes how important a factor, environmental concerns are in your business decisions? Would you say...?</i>	
They are the most important factor	6
They are one of a number of important factors	36
They are somewhat important	35
We do not consider them at all	21
Don't know/no opinion	2
Total	100
<i>Q14. And do you believe environmental concerns will be of less importance, more importance or about the same level of importance for your business decisions in say, three to five years from now?</i>	
Less importance	3
More importance	52
About the same importance	42
Don't know/no opinion	3
Refused	0
Total	100
<i>Q15. Do you understand how carbon credits work?</i>	
Yes	51
No	46
No Don't know/no opinion	3
Total	100
<i>Q16. Would you consider trading carbon credits?*</i>	
Yes	31
No	61
Don't know/no opinion	8
Total	100

Total may not sum to 100% due to rounding.

\*Sub-sample based on those respondents who understand how carbon credits work.

**Table 6: Beliefs about climate change and carbon trading**

	Base =	Total 153* %
<i>Q17. Would carbon credit trading be of benefit to you for any of the following reasons?</i>		
It would give your business a competitive advantage		12
It would be expected and/or appreciated by your customers		25
It would be expected and/or appreciated by your staff		18
It would give you some extra cash flow (by selling credits)		20
It would fit with your environmental business goals		27
None of the above/It is not relevant at all to my business		46
Don't know/no opinion		6
Refused		0

Total may exceed 100% because of multiple response.

\*Sub-sample based on those respondents who understand how carbon credits work.

## Energy

**Table 7: Beliefs about energy**

Base =	Total 301 %
<i>Q18. The Government has recently announced it wishes to move towards New Zealand having 90 percent renewable power? Do you support this move?</i>	
Yes	83
No	12
Don't know/no opinion	6
Total	100
<i>Q19. And what, if any, forms of renewable power do you support?*</i>	
Wind	71
Hydro	40
Other	46
None	2
Don't know/no opinion	11
Refused	0
<i>Q20. Do you expect power costs for your business to rise as a result of the Government's move to 90 percent renewable power?</i>	
Yes	72
No	23
Don't know/no opinion	5
Total	100
<i>Q21. Will the impact of increased costs be significant to your business?*</i>	
Yes (will be significant)	53
No (will not be significant)	44
Don't know/no opinion	3
Total	100
<i>Q22. Have rising power costs affected your business profits in recent years?</i>	
Yes	48
No	50
Don't know/no opinion	2
Total	100

Total may not sum to 100% due to rounding.

\*Total may exceed 100% because of multiple response.

\*\*Sub-sample based on those respondents who expects power costs for their business to rise.

## Terrorism

**Table 8: Beliefs about terrorism**

Base =	Total 301 %
<i>Q23. And now onto a different topic. Are Maori Treaty claims a concern for your business?</i>	
Yes	9
No	88
Don't know/no opinion	2
Refused	1
Total	100
<i>Q24. Recently there have been some events which have been referred to as "domestic terrorism". Do you believe this is a threat to New Zealand business?</i>	
Yes	35
No	59
Don't know/no opinion	6
Refused	1
Total	100
<i>Q25. And what about the activity of activist groups such as animal rights groups or Greenpeace?</i>	
Yes	29
No	65
Don't know/no opinion	6
Total	100
<i>Q26. If your business imports or exports goods and services, does international terrorism influence which countries you deal with?*</i>	
Yes	19
No	75
Don't know/no opinion	5
Total	100
<i>Q27. Do you believe the New Zealand Police do a good or bad job for New Zealand business?</i>	
Good job	73
Bad job	10
Don't know/no opinion	16
Refused	1
Total	100

Total may not sum to 100% due to rounding.

\*Sub-sample based on those businesses that import or export goods and services.

## Performance of political leaders

**Table 9: Beliefs about the current performance of Political Leaders**

	November 2007 n=301 %	August 2007 n=293 %	May 2007 n=300* %	February 2007 n=300 %	December 2006 n=300 %	October 2006 n=300 %
<i>Q28. In relation to the Government's performance, how satisfied are you with Helen Clark's performance as Prime Minister?</i>						
Very satisfied	12	14	17	11	19	13
Satisfied	37	36	30	38	34	30
Neither satisfied nor dissatisfied	10	6	10	8	7	4
Dissatisfied	18	21	20	21	22	19
Very dissatisfied	21	20	21	18	15	30
Don't know/no opinion	2	2	2	3	2	3
Refused	0	1	0	0	0	0
Total	100	100	100	100	100	100
<i>Q29. How satisfied are you with the performance of John Key as Leader of the Opposition?</i>						
Very satisfied	12	23	25	12	9	-
Satisfied	39	44	41	44	22	-
Neither satisfied nor dissatisfied	11	10	13	8	7	-
Dissatisfied	12	13	5	6	4	-
Very dissatisfied	6	4	3	2	2	-
Don't know/no opinion	19	6	13	28	56	-
Refused	1	0	0	0	0	-
Total	100	100	100	100	100	100
<i>Q30. How satisfied or dissatisfied are you with the performance of Michael Cullen as Minister of Finance?</i>						
Very satisfied	6	9	8	7	10	10
Satisfied	25	28	25	31	33	31
Neither satisfied nor dissatisfied	8	5	7	6	4	9
Dissatisfied	28	22	26	24	24	19
Very dissatisfied	26	31	28	25	21	25
Don't know/no opinion	7	5	5	7	8	6
Refused	0	0	0	0	0	1
Total	100	100	100	100	100	100

continued...

**Table 9 (continued): Beliefs about the current performance of Political Leaders**

	November 2007	August 2007	May 2007	February 2007	December 2006	October 2006
	n=301	n=293	n=300*	n=300	n=300	n=300
	%	%	%	%	%	%
<i>Q31. How satisfied are you with the performance of Bill English as Opposition finance spokesperson?</i>						
Very satisfied	7	6	7	7	7	-
Satisfied	34	45	37	32	22	-
Neither satisfied nor dissatisfied	16	11	15	14	9	-
Dissatisfied	20	15	18	16	9	-
Very dissatisfied	5	6	7	5	5	-
Don't know/no opinion	17	17	17	26	48	-
Refused	1	1	0	1	0	-
Total	100	100	100	100	100	100

Total may not sum to 100% due to rounding.

\*Sub-sample based on those respondents who were asked this question.

## Appendix A: Verbatim

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**Q3. Over the next six months do you expect trading conditions for your particular business to get better, get worse or stay the same?**

**Q4. For what reasons do you say this?**

**Reasons why trading conditions will get better**

*Because it is that time of year.*

*Bigger premises.*

*Expected payout for all dairy farmers.*

*General improvement in the client base. Our trading will improve and my business improves in tandem.*

*Gross in the sector.*

*I'm doing a shop relay.*

*Increased turnover.*

*It is what we want what we hope for.*

*Less competition.*

*More people registered.*

*My business started last year.*

*My own profile in the market.*

*New business growth and development.*

*New company.*

*On Mondays and Tuesdays we have less customers, but we use more labour hours. Because most of the staff when their name appears on the roster we can't force them to go home - even though we know we are not busy.*

*Overseas market.*

*Sales growth and capacity of the business.*

*Seasonal.*

*Some of the systems that we're putting into place.*

*Spending more money on advertising.*

*Text book which will be good business.*

*The major client we have is the Government.*

*There is an election coming up. There will be a lot of promises by both parties.*

*Through marketing and advertising.*

*We are driving the business for a better return.*

*We are making some alterations.*

*Whole new refit of the mall.*

*You must go forward, [since] you can't stand still.*

### **Reasons why trading conditions will stay the same**

*Because I know.*

*Because I'm not trying to make them better. I'm happy.*

*Because of the industry we are in.*

*Being self-employed I am always doing work for clients that have been recommended by previous clients.*

*Business had slowed down a little bit.*

*Chartered accountants. More jobs.*

*Expecting general downtrend, but been proactive.*

*Forecasts I've done.*

*From past history for the company.*

*Heavily involved in rural, and don't see improvements.*

*Highly prescribed business.*

*It feels that way.*

*Just based on the last couple of years where we have had highs and lows and it has stayed the same.*

*Likely to get worse rather than better.*

*Markets at the moment, interest rates, coming up to Christmas.*

*Numbers are decreasing.*

*Our trainings are run by CIA and it's really similar.*

*Plenty of work and trouble hiring staff.*

*Pretty steady, and continue to be steady.*

*To don't expect any changes in the society.*

*We are a small business, we have a loyal customer base.*

*We are domestic but we are going commercial contact.*

*We have been here for 10 years and it has always been the same.*

*Working with children.*

### **Reasons why trading conditions will get worse**

*Downturn in the building industry.*

*Economic climate.*

*Fuel and mortgage costs.*

*Government and rising prices of everything in general.*

*Indications of elections next year. Government department to tighten up purse strings.*

*Major contractors changing users.*

*Money is getting tight I think it is the wash up of KiwiSaver, the cost of fuel and mortgage rates.*

*Property market slowing down [and] we are affected by that.*

*Too much imported junk.*

**Q6. Now, thinking about the outlook over the next six months for the New Zealand economy as a whole. Do you think the economy will get better, get worse or stay the same?**

**Q7. For what reasons do you say this?**

**Reasons why the New Zealand economy will get better**

*Because of our industry. Parents are working.*

*Because of the Government.*

*Economic factors: lean and mean, [and] how we trade overseas.*

*In terms of employment.*

*Our sales are increasing.*

*Products that drive the economy are in demand by the world.*

*Quite good fundamentals in place.*

*To lower the interest rates.*

**Reasons why the New Zealand economy will stay the same**

*Because of a pending election.*

*Christmas is coming up. People looking to put their money into day to day activities, and tax refunds (the uncertainty).*

*Dairy.*

*Don't see any changes coming to improve it.*

*Election year makes everyone hold back.*

*Everyone is busy trying to get work done and Christmas time is coming and everyone is trying to get deadlines met.*

*I can't see any major improvement. Oil prices are going to increase and [the] fluctuation in [the] currency market.*

*I cannot see any reasons for it to slacken off as long as they keep people in employment. People just like spending their money which keeps the world going round.*

*I don't look at the economy as whole. Just look at the industry that I am in.*

*I don't see any changes by the Government [that are] going to take effect.*

*I don't see anything changing.*

*I think Clark is going to let things set until the election time.*

*I think it has plateaued out right now.*

*If they do the tax cuts there will be more cash in the economy but increasing costs like petrol and power will balance it out.*

*It has to stay the same.*

*Just a gut feeling and being an optimist.*

*Mainly because of experience and knowledge, the amount of money that people have to spend will remain the same.*

*Money is a factor.*

*No change but as we get closer to the election, things will change.*

*No factors that will improve or worsen the economy.*

*No more increase in population.*

*No significant influences on the economy. Whilst [the] sector might see some change, neither positive or negative, but [it] will balance out.*

*Nothing changes with Government and country. Talk the talk, but no action.*

*Nothing changing.*

*The housing market [and the] lack of any rises.*

*The petrol dollar keeps climbing and climbing.*

*Things will just probably stay the same.*

*To a large extent, for trends.*

### **Reasons why the New Zealand economy will get worse**

*Because of inflation.*

*Business is going bad and quiet.*

*Consumers spending off.*

*Feedback from client organisation. Reduced budgets, interest rates.*

*Financially.*

*For the Government.*

*High fuel costs.*

*High inflation and high interest rates.*

*Interest rates and petrol prices but high employment is holding things up. More money around. Little bit of uncertainty due to [the] election year coming up.*

*International influences.*

*Lots of business influenced by Government restrictions on budgets.*

*Overseas in terms of US problems carrying on to us. Also more imports rather than NZ made, continually going down that track.*

*People are getting off the media.*

*People don't have the money and people's wages are not increasing like prices. The Government are just expecting from middle to high to pay for everything. There's no high increase.*

*Personal reasons.*

*Political factors/socialism and oil is a fundamental factor.*

*Political.*

*Pressure on consumer spending as a result of increased hikes.*

*The cost of living.*

*The Government management which relies on interest rate rises is hurting the business, all because [they're] trying to slow down the property market. The Governments tax take is hurting the business. The marginal rate of tax too high.*

*The Government of the day, and I think it is them. There are too many idiots and there is no one there who understands the true running of a business.*

*The impact of interest rates on disposable income.*

*The international situation.*

*The things I have heard over radio and media. The way people [are] spending, [and] getting better deals for their money.*

*Things costing more and [the] increase in the cost of living.*