

# STELLARIS

THE OFFICIAL NEWSLETTER OF STELLARIS LTD



**MEETING FACILITATION**



**TRAINING WORKSHOPS  
FOR TRUSTEES AND  
DIRECTORS**



**COACHING AND  
MENTORING OF KEY STAFF  
AND BOARD MEMBERS**



**POLICY DEVELOPMENT**

**STELLARIS IS YOUR ONE STOP  
SHOP FOR ALL THINGS GOVERNANCE**

## STRATEGIC STARTER OF THE MONTH

### ECONOMICS

Economics is a social science. In other words, it attempts to explain how people behave. In particular economics is about how people make choices when their wants are greater than the resources available to satisfy those wants.

If there is more than enough of something to go around and it is easy to get then that something tends to be free. Examples are fresh air and fishing off the wharf.

However, we tend to always want more than we can have so we have to make choices and create priorities. Our first priority will have first call on our resources and then our second priority gets resources and so on and so forth.

Economics is about how you and I allocate resources to make those choices.

Economics does not have to be about money. For example, we make choices about how we use our time which is limited or scarce relative to our wants. If we choose to do some gardening there is a cost in terms of the opportunity to go shopping perhaps.

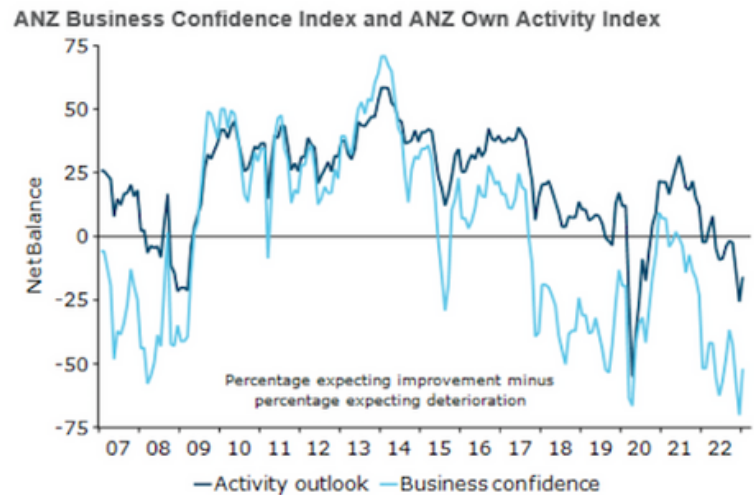
If we choose to watch TV there is a cost in terms of the opportunity to read a book or get some extra sleep. If we choose to be a high performing athlete there is a cost in the pain and pleasure of training. Everything then has what economists call and opportunity cost. Opportunity costs is not always measured in dollars and cents.

Choices are impacted by one's values. For example, I could choose to buy a McDonalds Classic Share meal for 4 people for \$30 or a New World Meal for Four for \$25. Which is the rational choice? The first has limited nutrition but is fast and easy. The latter is very healthy but takes 30 minutes to prepare. If I value my time at more than \$10 per hour and am not concerned about my health, then the rational choice is to buy the McDonalds meal. Or on the day I might not have 30 minutes to spare between meetings so choose a fast meal. Or I might be trying to impress someone with my cooking skills so am happy to spend time in the kitchen.

This is why economics forecasts can be a bit hit and miss. So much depends on the values which drive decisions. For this reason, a lot of data is aggregated and we make our best guess hoping that there is some sort of law of averages.

**KEY POINTS:**

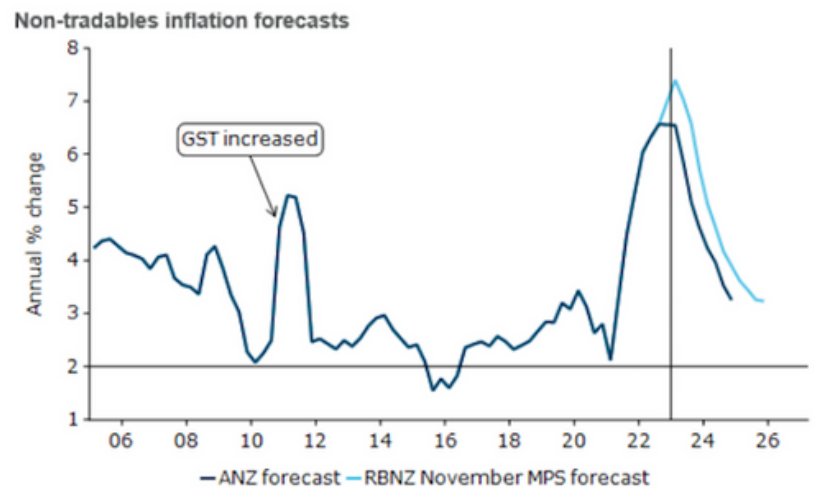
1. People don't always seem to act rationally but really, they are just basing their reasoning on different values and emotions than yours.
2. There is an opportunity cost to any decision.
3. Economics is the study of how people allocate resources when they have to prioritise between choices.



Source: Macrobond, ANZ Research

**STRATEGIC QUESTIONS:**

1. Do you understand the values and emotions of your customers?
1. How can you raise the level of priority for your customers?



Source: Stats NZ, Macrobond, ANZ Research

**MEETING FACILITATION**

Whether it's a strategic planning session, a discussion group or an annual team building day - give us a call!

**TRAINING WORKSHOPS FOR TRUSTEES AND DIRECTORS**

We offer a range of workshops covering Understanding financials, Meeting procedure, Strategic planning, Expectations of an employer, Health and safety, Creating a strategic plan and more. We adjust the level of the training to suit the level of your board members.

**COACHING AND MENTORING OF KEY STAFF AND BOARD MEMBERS**

It could be helping a CEO understand the Boards needs or talking through approaches to leadership challenges or even helping the Chair of the Board design a regular agenda.

**POLICY DEVELOPMENT**

We will help you create fit for purpose policies for your organisation.

**STELLARIS IS YOUR ONE STOP  
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## NEWS TO NOTICE

- New Zealand has a new Prime Minister - Will Chris Hipkins be a new broom?
- Inflation stays at 7.2% - How has a cumulative 14% increase in prices over the last two years affect your business? (Food and vegetables up 20% in the last 12 months)?
- Four sectors have "Fair Payment Agreement" applications - is your sector included? <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/fair-pay-agreements/fpa-dashboard/>
- Pubs run dry of beer (well CO2 actually)
- Te Pukenga is scrapping all local polytech brands and dissolving the work-based learning board. <https://www.xn--tepkenga-szb.ac.nz/news/work-based-learning-subsidiary-to-transition-into-te-pukenga-at-end-of-year/>
- Secondary school teachers are going on strike to get paid more even though fewer than 40% of kids actually attend school regularly. <https://www.educationcounts.govt.nz/statistics/attendance>
- Government has introduced the Water Services Legislation Bill on 8/12/23 to amend the Water Services Entities Act 2022 they passed on 7/12/23 <https://legislation.govt.nz/bill/government/2022/0210/latest/LMS794055.html>
- Dairy prices have had a pretty unspectacular summer. WMP prices have slid about 5% since the beginning of December.
- The USA Department of Justice is suing Google in an effort to break up[ its advertising business <https://www.cnbc.com/2023/01/24/doj-files-second-antitrust-lawsuit-against-google.html>

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## ABOUT THIS NEWSLETTER

RON SCOTT is an elected member of the Bay of Plenty Regional Council but nothing in this newsletter should be taken as Council policy. They are my views or those of the sources cited.

Ron is a JP, a chartered Member of the Institute of Directors and holds degrees in economics, history and geography. He is a director of the Royal Foundation of the Blind and Chair of SILC Charitable Trust.

STELLARIS is your one stop shop for all things Governance. Our services include:

- Training workshops for trustees and directors - We offer a range of workshops covering Understanding financials, Meeting procedure, Strategic planning, Expectations of an employer, Health and safety, Creating a strategic plan and more. We adjust the level of the training to suit the level of your board members.
- Meeting facilitation - whether it is a strategic planning session, a discussion group or an annual team building day give us a call.
- Coaching and mentoring of key staff and board members.

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# Let's Talk Statistics

Numbers tell a story. How do these numbers tell a story for your business?

I have included a random range of statistics. Please let me know other statistics you would like to follow.

|  |             | Previous           |               | Latest            | Comments  |
|--|-------------|--------------------|---------------|-------------------|---|
| Inflation rate<br><a href="https://www.stats.govt.nz/indicators/consumers-price-index-cpi">https://www.stats.govt.nz/indicators/consumers-price-index-cpi</a>  | Sept 2022   | 7.2                | Dec 2022      | 7.2               | Reserve Bank pedalling hard to kill the inflationary expectations. 14.3% since the last election.   |
| Business lending rate (ANZ)<br><a href="https://www.interest.co.nz/borrowing/business-base-rates">https://www.interest.co.nz/borrowing/business-base-rates</a>   | August 2022 | 10.6               | Jan 2023      | 12.25             | Up 50% since this time last year.   |
| Companies Removed from Companies register<br><a href="https://companies-register.companiesoffice.govt.nz/news-and-notices/">https://companies-register.companiesoffice.govt.nz/news-and-notices/</a>   | Dec 2021    | 2598               | Dec 2022      | 6852              | The number of enterprises on the Stats NZ business register (a register of all economically significant enterprises in New Zealand) fell by 3,843 (0.7 percent) to 574,479 in November 2022 from October 2022. There were 5,352 entries within the month, with 9,204 exits. |
| Bankruptcies for last 12 months<br><a href="https://www.insolvency.govt.nz/support/about/statistics/insolvency-procedure-statistics/monthly-bankruptcy-figures/">https://www.insolvency.govt.nz/support/about/statistics/insolvency-procedure-statistics/monthly-bankruptcy-figures/</a>   | Dec 2021    | 620                | Dec 2022      | 499               | Much lower than the peaks pre-covid (911 to Dec 2020).  |
| Business Confidence ANZ  | August 2022 | -48                | December 2022 | -70               | Lowest ever confidence rating. Will this mean lower investment?   |
| GDP Growth pa<br><a href="https://www.stats.govt.nz/indicators/gross-domestic-product-gdp">https://www.stats.govt.nz/indicators/gross-domestic-product-gdp</a>   | June 2022   | 1.1                | Sept 2022     | 2.7               |   |
| Number of Paid jobs<br><a href="https://www.stats.govt.nz/information-releases/employment-indicators-november-2022/">https://www.stats.govt.nz/information-releases/employment-indicators-november-2022/</a>   | Nov 2021    | 2301426            | Nov 2022      | 2347983           | 2.0% growth in jobs.  |
| Unemployment rate<br><a href="https://www.stats.govt.nz/indicators/unemployment-rate">https://www.stats.govt.nz/indicators/unemployment-rate</a>   | June 2022   | 3.3                | Sept 2022     | 3.3               | Men at 2.8% and women at 3.8%.  |
| Underutilisation Rate<br><a href="https://www.stats.govt.nz/indicators/underutilisation-rate/">https://www.stats.govt.nz/indicators/underutilisation-rate/</a>   | June 2022   | 9.2                | Sept 2022     | 9.0               | 273000 people underutilised i.e. wanting longer hours and/or available for work whether looking or not.   |
| Median weekly earnings -before tax<br><a href="https://www.stats.govt.nz/topics/labour-market">https://www.stats.govt.nz/topics/labour-market</a><br>qes-jun22qr-csv.csv   | Sept 2021   | \$1367.4           | Sept 2022     | \$1476.07         | \$108.67 a week better off. 7.3% which is ahead of the CPI increase i.e \$10.21 a week better off in real terms before tax. \$72 better off after tax which is \$5.70 worse off in real terms.  |
| Tourist Arrivals -Visitors visa + Australians<br><a href="https://www.immigration.govt.nz/documents/statistics/statistics-arrivals-by-month">https://www.immigration.govt.nz/documents/statistics/statistics-arrivals-by-month</a>   | Dec 2019    | 297776 + 124849    | Dec 2022      | 157668+ 110266    | 90% of Australians are back but half of the rest of the world.  |
| Work Visas<br><a href="https://www.immigration.govt.nz/documents/statistics/statistics-arrivals-by-month">https://www.immigration.govt.nz/documents/statistics/statistics-arrivals-by-month</a>  | Dec 2019    | 15677              | Dec 2022      | 11826             | Still only 75% of the equivalent in 2019  |
| Net core Govt debt to GDP<br><a href="https://www.treasury.govt.nz/publications/financial-statements-government/month-end-financial-statements">https://www.treasury.govt.nz/publications/financial-statements-government/month-end-financial-statements</a><br><br>New measure (Includes core Crown advances, Crown Entity borrowings and the financial assets and borrowings of the NZSF). | May 2022    | 35.6%<br><br>16.6% | Oct 2022      | 35.9%<br><br>19.5 | Was 31.6% in 2017.  |
| Household debt as % of household income<br><a href="https://www.rbnz.govt.nz/statistics/key-graphs/key-graph-household-debt">https://www.rbnz.govt.nz/statistics/key-graphs/key-graph-household-debt</a>   | March 2022  | 175.0              | Jun 2022      | 173               | Previous peak was in March 2009 at 180%   |
| Credit Card Debt % annual change<br><a href="https://www.rbnz.govt.nz/statistics/c12">https://www.rbnz.govt.nz/statistics/c12</a>  | July 2022   | -4.4 %<br>\$5862 m | Nov 2022      | 3.9%<br>\$6285 m  | Increase in November will be reversed when Dec numbers come out   |