



Manufacturers and Exporters Association
The independent voice of manufacturers and exporters

Evidence Stacking Up, But No Changes Yet

By John Walley

An increasing current account balance deficit and a changing tide of opinion was unable to convince the Finance and Expenditure Select Committee that changes to monetary policy are desperately required. The Select Committee reported back recommending no change to the existing framework, but recommending that the Government consider inflationary pressures when developing fiscal policy.

Opponents of the current monetary policy framework wanted:

- wider inflation targeting considering other economic indicators, and
- a different mechanism to fight inflation.

The group that sought looser inflation targeting wanted to see increased emphasis given to other factors such as employment, export growth and productivity. They argued that this would create a more balanced economy and counteract the cyclical affect of simply inflation targeting. Generally this group thought that better economic growth could be generated by this approach, increasing the supply side of the economy, and therefore, decreasing inflation.

The use of variable GST rates and Interest Linked Savings Schemes were proposed as alternative methods to interest rates to control inflation.

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These systems would have similar affects to changing interest rates, as they would reduce the supply of money available when inflation expectations were high, but most importantly, these approaches would remove the speculative pressure on the exchange rate.

The Select Committee found these options unattractive. They argued that the costs and uncertain returns of alternative inflation control mechanisms outweighed the positive affect of removing the speculative pressure on the exchange rate. This was a highly contentious finding, given that no cost analysis had been attempted on any of the options presented to the Select Committee over the year it took to produce the report. Although the effect on the exchange rate was acknowledged, there was also no consideration given to the cost of maintaining current policies to the real economy – a \$3.9 billion dollar trade deficit in the June quarter.

They argued that adjustments to factors considered by the Reserve Bank were also unnecessary because the Reserve Bank already considers the impact of output, interest rates, and the exchange rate.

The exchange rate variations since the

Reserve Bank Act was reduced would suggest that these are not serious considerations, as exchange rates have fluctuated wildly with interest rate changes.

Perhaps the most damning line from the report was in the last paragraph of the report itself. The Select Committee recognised the lack of a “silver bullet” to solve the problem, instead detailing the need for a host of factors to improve productivity and therefore decrease inflation expectations. Unfortunately, for the preceding 85 pages the Committee had rejected proposals for change on the basis that they too would have negative impacts – they were not a silver bullet. They also failed to recommend changes that would create a cohesive policy to encourage investment in the real economy; a necessary precursor of increased productivity.

However, there were some sentiments for change that emerged from the Select Committee’s report. New Zealand First recommended that further targets for the Reserve Bank should be enacted to better balance the economy.

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We Need More Exporters and Exports

The latest New Zealand Manufacturers and Exporters Association (NZMEA) Survey of Business Conditions completed during September 2008, shows total sales in August 2008 increased 19% (export sales increased by ~76% with domestic sales decreasing ~6%) on August 2007.

The NZMEA survey sample this month covered NZ\$596m in annualised sales, with an export content of 45%. Net confidence increased to -22, up from the -33 result reported last month.

The current performance index (a combination of profitability and cash flow) is at 97, down from the previous month's 98.5, the change index (capacity utilisation, staff levels, orders and inventories) static at 99. The forecast index (investment, sales, profitability and staff) increased to 102 from 100.75 last month. Anything less than 100 indicates a contraction.

The reported constraints were: 22% staff and markets 78%. Staff numbers for August increased year on year by 2.55%.

"This months results have reinforced the divide between the domestic and export economies. Export sales have continued to grow on the back of a weaker dollar while the domestic economy feels the pain of contraction. This is a manifestation of our policy settings, which exacerbate to the impact of falling interest and exchange rates, and the liquidity crisis in global debt markets," says NZMEA Chief Executive John Walley.

"The big jump in exports is not across the board, some substantial respondents have reported some huge increases, however, even when these are removed, we would still be reporting over a 40% increase in export sales."

"The drop in the New Zealand dollar after the Official Cash Rate (OCR) cut in July started to come into affect in August, making exporting worthwhile again as forward cover works through. However, domestic contraction across the economy hurt local sales. The 50-point cut in September was too late for this survey, but troubles in the US will make the Kiwi dollar bounce around until the US politicians settle on a mechanism to deal with the toxic assets choking the credit markets."

"Worries around the financial sector causing comments in the US such as, "if we don't unblock credit markets, payrolls might not be met", are creating a lot of uncertainty for the US and the world. Globally such comments will hit consumer confidence," says Mr. Walley.

"The prospect of another 50-point OCR cut and the tax cuts in October may see some improvement in local consumer confidence, but the effects of the financial crisis elsewhere will also play a part. Changes to policy settings could buffer or further expose our economy; it will be interesting to see how much of an election issue this becomes."

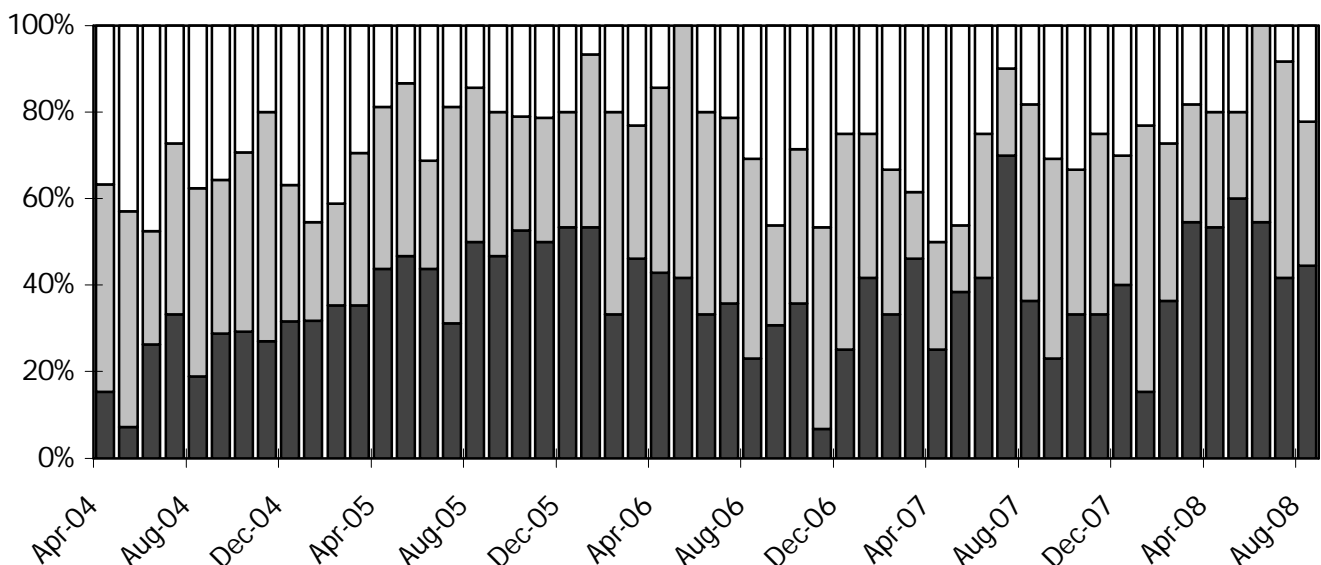
"More investment in export activity will follow better margins and profits, so we need to stabilise returns. Exchange rate stability and policies to promote long-term productive investments are needed to support our economy in a difficult world."

"The financial crisis has shown that we need more focus on our export sector to reduce our exposure to foreign debt. Hopefully we will see some political leadership on this issue in the run up to the election."

The New Zealand Manufacturers and Exporters Association survey gathers results from members around New Zealand. It provides a monthly snapshot of manufacturers and exporters' sales and sentiment.

Confidence Series

■ Negative □ No Change □ Positive



Employment Relations (Breaks, Infant Feeding, and Other Matters) Amendment Act 2008 commences

On 9 September the Employment Relations (Breaks, Infant Feeding, and Other Matters) Amendment Act 2008 ('the Amendment') received assent. This legislation operates by way of amendment to the Employment Relations Act 2000.

Breastfeeding Facilities and Breaks

The Amendment requires employers to ensure 'as far as is reasonably practicable in the circumstances' that appropriate facilities are provided in the workplace for an employee who is breastfeeding and who wishes to breastfeed in the workplace and appropriate breaks are given to employees wishing to breastfeed during work. The Amendment does not require these breaks to be paid unless the employer and employee agree. The circumstances which will be considered in terms of what is reasonable and practicable include the employer's operational environment and the employer's resources. The breastfeeding breaks are to be provided in addition to the further breaks the Amendment provides for as detailed below. The Amendment envisages a code of employment practice being introduced around the employer's obligations in relation to breastfeeding breaks.

The sections of the Amendment relating to breastfeeding breaks come into force from 1 April 2009, after which employers will be liable to penalties for failing to comply with their obligations in this regard.

As a new Amendment, it will take time for its impact and parameters to be tested. In particular it will be interesting to see the extent to which an employer could rely on its limited resources to avoid having to provide facilities. For example, it may not be unreasonable for a larger employer to establish a separate facility or area designated for only breastfeeding, however, the costs of this for a smaller employer may be prohibitive. For smaller employers who cannot afford the expense of establishing a separate facility, it may be possible to establish a roster whereby any tearoom could be used only for breastfeeding at certain times to maintain privacy for breastfeeding employees. Those employers who work in an environment which may preclude minors from being onsite (for example on Health and Safety grounds) may be entitled to decline to provide breastfeeding facilities due to the operational environment. This may be pertinent within a factory environment for example.

Rest Breaks and Meal Breaks

The Amendment obliges employers, commencing with immediate effect, to provide employees with:

- One 10 minute rest break where an employee's work period is between 2 and 4 hours.
- One 10 minute rest break and one 30 minute meal break where the employee's work period is between 4 and 6 hours.
- Two 10 minute rest breaks and one 30 minute meal break where the employee's work period is more than 6 hours but not more than 8 hours.

Where the employee works for longer than 8 hours the employee becomes entitled to the above breaks and in addition further breaks as if the work period commenced again after the 8 hours. The 10 minute rest breaks are paid whereas the 30 minute meal breaks are not required to be paid. The Amendment provides guidance as to when the various breaks should take place where the parties are unable to agree the timing. Employers are able to provide breaks in addition to those specified above, however, any terms and conditions which provide a lesser entitlement will be of no effect.

KiwiSaver 'Total Remuneration' Employer Contributions Revoked

The above Amendment passed under urgency. Unusually, the Government amended the Bill the day before it was due to be passed to include, by supplementary order paper, a reversal of the ability for employers to agree that KiwiSaver compulsory employer contributions could be included within the total remuneration of the employee. This amendment was driven by Trevor Mallard and pushed through the house with urgency before any public comment could be made. The Amendment also enables the employee to bring a personal grievance if the employee considers his/her employment has been adversely affected by being a member of KiwiSaver. The manner in which this amendment has been passed has been criticised as an abuse of parliamentary privilege by commentators from the employer's corner.

This article was provided by McPhail Gibson & Zwart Ltd. If you require further information relating to this topic please contact the NZMEA on email: mea@mea.org.nz or phone: 0800 353 2540.

Evidence Stacking Up, But No Changes Yet (Continued from front page)

By John Walley of NZMEA

There also seems to be increasing willingness from politicians to eliminate the tax advantages available on property investments. The majority of the Committee recommended a further inquiry into the causes of that problem – a daunting prospect given the duration of this inquiry, but nonetheless it would represent some progress on this issue.

The Green Party supported a Capital Gains Tax while National dismissed the idea. The report also recommended higher depreciation to encourage capital investment and improve productivity.

This Select Committee represents another lost opportunity to make some real changes to New Zealand's economic outlook. However, the submissions made to the Committee have formed a body of opinion that will be increasingly difficult to ignore, given the obvious failure of current policy settings. As our economic situation worsens, this issue will justifiably receive increasing attention.

National Immigration Policy

On 4 September 2008 National released their policy paper outlining their immigration policy.

National's position is that the current immigration policy is operated from a "Government knows best" approach and therefore as a consequence the Government decides what kind of skills new residents should have, rather than listening to or empowering employers to recruit the individuals required to meet financial objectives.

There are two main policies that will be of interest to New Zealand employers.

Streamlining Employer Accreditation Policies to Recruit Overseas

Many members of the NZMEA will be familiar with or in fact be accredited employers. Under the scheme, accredited employers are able to recruit skilled employees from overseas and as long as those employees are employed for a period of two years at a minimum base salary of \$55,000.00 per annum, they will then be eligible to apply for New Zealand residence.

National proposes to make the employment performance of the individual count more in the grant of New Zealand residence by strengthening the Work to Residence programme. This has obvious benefits for employers and tends to suggest that rigid requirements (such as the base salary for example) may be removed or adjusted to allow for more employees to qualify for New Zealand residence under the scheme if they are supported by their employer. This change in policy (although subtle and not fully understood) should be of significant benefit to accredited employers.

On the downside however, there would be a strict monitoring programme, and employers will be required to provide a bond for each employee to be refunded when the employee either leaves New Zealand in accordance with the terms of their visa or obtains New Zealand residence.

Silver Fern Visa

National are looking at establishing a Silver Fern Visa Category which allows skilled individuals from overseas to apply for a 24 month work visa to allow the individual to travel to New Zealand and seek permanent employment through either the work to residence or skilled migrant provisions.

In order to obtain the visa the applicant must:

- be competent in English;
- meet specified full time wage requirements;
- hold a recognised tertiary qualification or trade qualification; and
- be from a country for which New Zealand has a visa free visitor agreement.

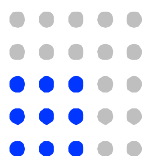
This is a sensible policy and is likely to be of significant benefit to New Zealand employers. The most common issue that most migrants find with travelling to New Zealand is that employers will not offer a full time role if they do not hold a work visa, although if they do not hold an offer of employment they cannot obtain a work visa. Truly a "catch 22" situation.

Suitable candidates for employment positions will be able to be offered positions immediately, and would be able to commence work without the delay of having to apply for a visa and/or going through the bureaucratic process where Immigration question whether or not there are New Zealand citizens or residents available or trainable for the position on offer.

National's intended immigration policy is of course only a hint of what is to come and by no means are all requirements set at this stage.

The changes to the employer accreditation scheme by shifting the balance in favour of employers and also the introduction of a Silver Fern Visa for certain types of skilled individuals is certainly a step in the right direction.

This article was provided by Lane Neave Lawyers. If you require further information relating to this topic please contact the NZMEA on email: mea@mea.org.nz or phone: 0800 353 2540.



Talking to Your Customers is a Good Start

"Opinions are like backsides - everyone's got one," former radio talkback host and politician Pam Corkery once said.

That's certainly true when it comes to marketing - everyone in your company seems to have an opinion on how to set your pricing, what sales channel is most effective, whether or not you need a new logo and so on. And often it is those opinions with the most authority behind them that hold sway. How do you remove, or at least reduce the impact of opinions on your marketing decisions?

Talking to your customers is a good start. The more you know about your market the more obvious the answers to your questions will become.

"In my business great ideas are killed every day by market researchers. I call them the research vampires," says Kevin Roberts, the Kiwi who is worldwide CEO of advertising giant Saatchi and Saatchi. Roberts echoes the sentiments of many successful business people, who distrust research over their gut instincts.

One key problem is that researching is simply too easy. Plugging "software, Mongolia" into Google results in over 4.3 million sites. I can learn about everything from Mongolia's investment climate to their "IT landscape" to incorporating Mongolian Cyrillic script into software programmes. With the power of the internet it is easy to assemble a 100 page report on your market - but you can still be no closer to answering your questions.

Another issue is that people can invest too much value in research, it is easy to rely too much on research and forget it is simply a tool.

So how do you go about getting the kind of information from your market that overcomes the power of opinions?

Asking why

Using research effectively starts at the end point. You need a very clear understanding of what decisions you actually want to make with the research information. Are you trying to change your pricing approach? Or deciding on the best channel to market? Or confirming the positioning of your product against competitors.

Unless you have specific decisions in mind asking the right questions of your customers is difficult.

Of course you have to be prepared to act on the information. Finding out from the market that you are perceived as providing poor customer support doesn't mean you should mount an advertising campaign saying how good your customer support is, it means actually trying to fix the problem.

What information do you want?

If you have a clear understanding of the decisions you want to make, you can work out what sort of information will be needed to support those decisions. For example, you may want to decide what promotional strategy to use, so the information you need is how your customers typically gather information, what kind of channels they prefer, what style suits them etc. The value of your research hangs on knowing the right questions to ask.

How to gather the data

There are many different ways of gathering data from customers - the method doesn't have to be formal, expensive market research. It can be as simple as ringing up a dozen customers. Telephone or online surveys, mystery shopper reviews, interviewing your own customer service staff, internet research, even talking to people in the bar on a Friday night - they're all valid options.

Who to talk to

The last step is working out exactly who you should be researching. Map out the different audiences in your value chain - who uses your product, who buys it, who supports it, who is your channel partner, who is the end customer. All will have a distinct perspective on your products and they need to be seen in context.

This article was provided by Concentrate Limited. If you require further information relating to this topic please contact the NZMEA on email: mea@mea.org.nz or phone: 0800 353 2540.

Kiwi Technology Sales and Marketing Survey

Concentrate has teamed up with PricewaterhouseCoopers to launch a national study of how Kiwi technology companies market and sell their products. The more companies who participate, the better quality results we will have to share. You can complete the survey at:

www.marketmeasures.co.nz

Market Measures 2008 will show how sales and marketing of Kiwi technology products compare to international benchmarks, and identify what sales and marketing approaches correspond closely to growth. Everyone who completes it will get a copy of the final results. The survey is open until mid-October. For further information please contact:

Owen Scott / Concentrate Limited / T: +64 3 365 8774 / M: +64 21 221 2254 / owen@concentrate.co.nz

Forums

Forum start times vary but generally sessions run for 90 minutes. Forums are open to all members of your staff, members and non-members of the NZMEA. For more information and to register on-line visit: www.mea.org.nz, select Events/ Training for the full list of events. Or you can contact us on: 0800 353 2540 or email: mea@mea.org.nz.

Telephone Sales - Developing business by telephone and telephone sales
Thursday 16 October, 4.00pm

Afternoon Forum

This short forum has been specially written to give both dedicated telephone sales people and general sales people some useful pointers so as to use the telephone as a sophisticated selling tool. This forum will cover:

- Constructing a telephone sales script.
- Using voice tone modulation and subliminal communication.
- Dealing with objections and getting past guardians.
- Recording activity.

Presenter: Ron Dards has spent over 40 years in positions of senior management in several countries and is the Managing Director of The Test Agency Ltd.

Disciplinary Process
Tuesday 21 October, 7.30am

Breakfast Forum

During this Forum participants will:

- ÿ Learn about what situations might allow you to give warnings to or dismiss employees.
- ÿ Understand the legal requirements of the disciplinary process and learn to be confident in carrying out that process.
- ÿ Learn when and how to suspend an employee.
- ÿ Discuss the investigation process.
- ÿ Learn the consequences of failing to properly manage the disciplinary process.

Presented by Penny Shaw, an Employment Law specialist at Brannigans Human Capital Ltd.

Directors Self Assessment
Tuesday 21 October, 4.00pm

Afternoon Forum

Has your Board of Directors slipped into following a standard agenda, concentrating on current activities and less on the future? Or do you just wish to improve the Boards processes? This Forum session will discuss how and why you should regularly undertake a review of what the Board is actually doing, compared to best practice.

Presented by Eric Livingstone, BCom, AFNZIM, M Inst D, Managing Director of Livingstone Business Consultants Ltd, he is an experienced advisor and independent Director to a number of Boards.

Opening New Markets Overseas - To boldly go where no-one has gone before
Thursday 30 October, 4.00pm

Afternoon Forum

This Forum aims to present a simple, effective approach to pioneer marketing in five phases which, if applied, can give a local firm the ability to:

- ÿ Expand business in virgin markets.
- ÿ Generate hard currency income.
- ÿ Create a buffer against changes in existing markets.
- ÿ Balance production against seasonal fluctuations.
- ÿ Find good partners and avoid the bad ones.

Ron Dards of The Test Agency Ltd will show the five phase export system in detail, with actual progress histories from existing exporters.

Special Interest Sessions

For more information on the Special Interest Sessions and to register on-line visit: www.mea.org.nz, select Events/Training for the full list of events. Or you can contact us on: 0800 353 2540 or email: mea@mea.org.nz.

Rescuing the New Zealand Economy
Tuesday 21 October, 4.00pm, Auckland

Auckland Presentation

The Association invites members to join us for a unique session with internationally renowned speaker - Dr Bryan Gould, a well-respected commentator on macro economic policy.

Dr Gould will discuss his critique of why the current monetary policy framework is not working for the benefit of New Zealand and what needs to be done to encourage change.

Presentation by BERL - "The low wage cul-de-sac and how do we find an exit?"
Tuesday 14 October, 4.00pm, Auckland

Auckland Presentation

You are invited to a presentation and discussion with Dr Ganesh Nana, Senior Economist of BERL. (Business and Economic Research Limited - www.berl.co.nz).

This presentation will also cover comments on Agenda for Change* and what needs to be done to grow the New Zealand economy.

Dr Nana has 25 years experience in the field of economics and is the Editor of BERL Forecasts; he is also responsible for preparing BERL's assessments of the state of the New Zealand economy and near-term prospects.

(*For more information on Agenda for Change visit www.mea.org.nz for the Association's correspondence to all the political parties and their feedback).

Workshops/Programmes

Workshops are open to all members of your staff, members and non-members of the NZMEA. For more information and to register on-line visit: www.mea.org.nz, select Events/Training for the full list of events. Or you can contact us on: 0800 353 2540 or email: mea@mea.org.nz.

Date:	City:	Event:
Starting 20 October	Auckland	Production the TOC Way Workshop (Two full days) Dates are: 20 & 21 October
Thursday 23 October	Auckland	Throughput Live! (Half day workshop)
Starting 30 October	Christchurch	Production the TOC Way Workshop (Two full days) Dates are: 30 & 31 October



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We appreciate the support by the ANZ Institutional Corporate & Commercial Banking in sponsoring 'ConnectME'.



Sourcing Candidates Internationally

Your business recognises skill “constraint” as an inhibiting factor to day-to-day profitability, making the possibility of growth a thin line on the horizon! Sourcing candidates internationally may be a worthy saving grace, that is, if you are able to do this successfully.

Many have heard both success and failure stories about recruiting international candidates. Unfortunately it is the failure stories that are most often discussed, leaving a ‘nasty taste’ regarding a company’s appetite for risk. However, from the success stories there is much to learn. The key to the whole process is to understand the desired outcome and managing all the elements of the process to obtain that objective.

Planning

Achieve stakeholder buy-in across the business. Establish clear selection criteria beyond the competencies for the role to include the candidate’s degree of preparation and personal commitment. Establish a generous time line from commencement to completion, remembering that relocation is a difficult process for all concerned. Research the location(s) of likely candidates. Immigration, reviewing websites and networking with local businesses and business services/support organisations will reveal these. Establish a relationship with your local and as necessary, the relevant overseas immigration office and representatives. Understand New Zealand immigration requirements and processes covering; work permit and residency, qualifications, medical and police assessments etc.

Resourcing

Budget - Dedicated internal and/or external recruitment and re-settling resources. In New Zealand there are specialists who recruit in specific locations and this is worth investigating particularly if you are, for example, hiring a number of staff at once from a foreign speaking country. Consider foreign language and culture translation. Consider bringing the spouse here with the candidate.

Sourcing

Websites - Job boards etc. Use both New Zealand sites (potential candidates who are interested in relocating should be monitoring these sites), however, you may want to consider advertising in geographic regions where candidates with your desired competencies are located.

Your company website is a powerful tool - particularly in being able to sell the role and organisation to the candidate. Ensure that it is more than a “brochure”, by inserting stories from overseas candidates who have settled well and are enjoying the company and location. Insert links to local tourism sites, New Zealand Immigration and any other relevant sites that may help convince a candidate. Test your website by ‘Googling’ words and phrases that might be used. Make sure your website has a mechanism for measuring where your response has come from and the words people are using to search. (These tools are available as free downloads). Your website is valuable as a vehicle to conduct some of the assessment process.

Specialist Consulting Firms located overseas or in New Zealand who have global networks. Traditionally these have been used for more specialised or senior roles, but increasingly they hold great value in recruiting trades or process level candidates. These resources usually work on a project basis.

Employment and/or Trade Fairs are useful only if there is disciplined follow up. New Zealand Immigration is increasing their presence in strategically located regions around the globe - as reference points for both candidates and companies. Craig Walsh is the Regional Relationship Manager for Immigration New Zealand and he is based in the South Island. Employers looking to recruit skilled migrants should check the Employer section of the Immigration New Zealand website: www.immigration.govt.nz/community/stream/employ/ or email Craig.Walsh@dol.govt.nz if you require specific information or assistance to link you to the correct contacts. Immigration also recommends details of the www.nzrecruitme.co.nz website. NZRecruitme connects New Zealand employers with skilled staff from a global pool of talented people committed to immigrating here. It enables migrants to link their skills with the needs of business. This is a free resource for employers and job seekers.

Word of mouth referrals. Some companies offer their staff incentives if they attract candidates who are placed in the company - obviously useful if they have potential international networks.

Assessment

Establish the process, preferably a multi-layered/integrated approach where the selection criteria are assessed progressively across a series of contact points with the candidate. Typically this comprises some or all of the following;

- CV and application letter.
- Email screen high level.
- Send PD.
- Request response to questionnaire.
- Phone or Skype interview.
- Refer to Immigration processes.
- Video Conference interview.
- Physical interview – consider spouse involvement to ascertain personal motivation.
- Online or physically administered assessment.
- Verbal reference checking.
- Summation - rank each competency against the assessment measure.

Next month we discuss strategies to re-settle candidates and the general ‘do’s’ and ‘don’ts’ of sourcing candidates internationally - evidence from those who have learnt the ‘hard way’.

This article was provided by Farrow Jamieson Limited. If you require further information relating to this topic please contact the NZMEA on email: mea@mea.org.nz or phone: 0800 353 2540.

Risk Management of Exports

Exporting can be a very risky business. In addition to the usual hazards of doing business, today's manufacturers may be negotiating with buyers they have never met, in countries they have never visited, and dealing with customs and practices with which they are unfamiliar. After the sale has been agreed, delivery still has to be arranged and, most importantly, payment has to be made.

To manage risk effectively, exporters have to be in a position to control it, this means retaining control of the transport chain and the cargo insurance arrangements. Much of Australasia's commodity exports have traditionally been sold FOB, but astute exporters are increasingly selling on cost, insurance and freight (CIF terms).

With FOB sales, the buyer controls shipping and it may well suit him to delay sending a vessel to collect the goods. This can leave the exporter with extra costs, delayed payment or even an aborted sale. But selling CIF obliges the buyer to accept delivery at a port in his country or risk incurring demurrage and/or storage charges. The exporter is far better off with goods piling up at buyer's expense overseas rather than at his own expense while awaiting shipment.

Under CIF sales, warehouse to warehouse protection is achieved as the cargo insurance covers the insurable interest of the exporter until risk in the goods passes to the buyer from when it covers the buyer's interest. This is provided the insurance has been assigned by the exporter – usually by stamping and signing the reverse of the insurance policy or certificate. To be effective, it is essential this be done before risk in the goods passes to the buyer i.e. before loading onto the vessel or aircraft – the legal rule being you can't assign something you no longer have.

On the other hand, if the exporter fails to include cargo insurance in his sales terms and elects to sell on cost and freight (C&F or CFR) terms, he faces extra exposure and extra insurance costs.

This is because the cargo insurance arranged by the buyer will only protect his interest and not that of the exporter. Whilst the buyer's cargo insurance may appear to cover the goods from warehouse to warehouse, in fact cover only attaches at the point the buyer's risk, and thus his insurable interest attaches under the sales contract. As noted, this is usually from loading on board the vessel or aircraft.

With all FOB and C&F sales, the exporter is exposed to cargo loss or damage risks from the warehouse to loading on board and needs to arrange cargo insurance on an annual basis to cover these risks. Also, in case for any reason the risk in the goods fails to pass to the buyer, the exporter needs seller's contingency insurance for all FOB and C&F sales to ensure he isn't exposed uninsured to any unplanned risk of cargo loss or damage in transit.

By selling CIF, the exporter avoids the need for and the cost of these separate cargo insurances designed to protect his interest only. Instead, the cost of insuring both his and the buyer's exposure can be charged to the buyer in the CIF price. As the cost of insurance doesn't need to be separately invoiced, the exporter also has greater flexibility in setting CIF prices.

Given the variety and complexity of transport and marine insurance law and practice, it is important for the exporter to carefully select a marine cargo insurer/insurance broker with the requisite knowledge, expertise, reputation for efficient claims handling and worldwide resources.

This article was provided by IC Frith (NZ) LTD and Associated Marine Insurers Agents PTY Ltd. If you require further information relating to this topic please contact the NZMEA on email: mea@mea.org.nz or phone: 0800 353 2540.

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pacifica 

-Business Survival - Growth Tools / International Business
-Negotiations



Professional and Executive Development are pleased to inform you that two new courses have been added to our short course programme.

Business Survival - Growth Tools - Piet Beukman 22 & 23 October 2008

Organisations can only survive if they deliver competitive products or services. In order to deliver these outcomes, rather than downsizing as a knee-jerk reaction, the organisation has to build and mobilise the appropriate core competencies that enable the delivery of products or services. The challenge is furthermore to deliver outcomes that the market needs and values. Venue: University of Canterbury / Fee: \$1181.25 / URL: www.shortcourses.canterbury.ac.nz/

International Business Negotiations - Patrick Rottiers 6 - 8 November 2008

This course builds towards understanding and mastering the inter-related skills that contribute to the art of successful business negotiating. It explores the larger frameworks that influence international commercial negotiations. The course covers studies in wider distribution choices and looks at the crucial part distribution plays in building a brand. It analyses contract issues, trading concessions and cultural differentiation. The course also covers the preparation and strategies of negotiations and includes multiple negotiation simulations and evaluations thereof. Venue: University of Canterbury / Fee: \$2193.75 / URL: www.shortcourses.canterbury.ac.nz/



Membership Benefits

Awareness & Development - we arrange our programmes to expose as many new ideas, and repeat a lot of the old ones, quickly and clearly, this enables members to decide what ideas are most appropriate or useful for their business.

Have Your Say - with officials, politicians and other leaders, we arrange regular meetings with those who make policy in New Zealand.

Networking - probably the key activity of the NZMEA, your participation in any event will build your network with people who have similar experiences or problems and some will have solutions.

If you have any questions regarding our Membership Benefits please contact us:
website: www.mea.org.nz, phone: 0800 353 2540, email: mea@mea.org.nz

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ME Assist

To network with other Members or get assistance
from our Associate Membership contact:
meassist@mea.org.nz or call 0800 353 2540

Our Associate Membership includes a wide range of specialists, consultants and service providers who can assist Association Members with:

Ø Strategic Business Development	Ø Condition Monitoring - Products & Services
Ø Business & Technology Planning	Ø ERP, MRP Solutions
Ø Business Coaching	Ø Supply Chain Management
Ø Market Research & Marketing	Ø IT Systems – Design & Implementation
Ø Export Marketing	Ø Website & Software Development
Ø Advertising & Branding	Ø Industrial Automation & Control
Ø Communications & PR	Ø Recruitment & Selection
Ø Import & Export	Ø Human Resources Management
Ø Customs, Logistics & International Freight Forwarding Services, <u>plus 'less-than-container' services</u>	Ø Conflict Resolution & Mediation
Ø Finance, FOREX & Banking	Ø Employee & Immigrant Settlement Management
Ø Accounting, Payroll & Tax	Ø Management, Leadership & Team Training
Ø Investment Capital	Ø Training Analysis
Ø Insurance	Ø Knowledge & Information Management
Ø Debt Collection	Ø Employment Law
Ø Business Sales & Valuation	Ø Change Management
Ø Research & Development Services	Ø Temporary Staff
Ø Product & Prototype Development	Ø Technical Publications
Ø Intellectual Property & Patent Registration	Ø Business Graphics & Printing
Ø Total Product Design	Ø Energy, Water & Waste Auditing
Ø Engineering Analysis, CAD & FEA	Ø QC & QS Management
Ø Internet Telephony	Ø Health & Safety Systems & Training
Ø Project Management	Ø International Travel
Ø Operations Management	Ø Fire Evacuation & Compliance
Ø Theory of Constraints	Ø Drug Testing
Ø Lean & Agile Manufacturing	Ø Maintenance & Asset Management
Ø Kanban, Production Planning & Scheduling	Ø Factory & Plant Efficiency & Utilisation
	Ø Strategic Pricing

We facilitate relationships and transactions between manufacturers and exporters FREE of charge.

Where the Association facilitates a transaction with Associate Members a standard charge, or referral fee applies. This is invoiced to the Associate Member providing the service. These fees vary between Associates and reflect a wide variety of pricing models. The fee is constructed to be less than the usual marketing overhead recovery component of an Associate's pricing which enables a saving for Associates while using competitive market pricing which benefits all parties involved.



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what's on

Monday	Tuesday	Wednesday	Thursday	Friday
		1	2 CPIM: Master Planning of Resources - Day 1	3
6	7 Site Visit: Windflow Technology Ltd	8 CPIM: Basics of Supply Chain Management - Day 2	9 CPIM: Master Planning of Resources - Day 2 Workshop: Throughput Live!	10 Breakfast Presentation: Rescuing the New Zealand Economy
13	14 Invitation: To a presentation by BERL - AUCKLAND Forum: Planning the Sale of Your Business	15	16 Forum: Telephone Sales	17
20 Council & CEO Forum with Guest Speaker Russel Norman, Co-Leader of the Greens, open to members Workshop: Production the TOC Way - Day 1 AUCKLAND	21 Breakfast Forum: Disciplinary Process Workshop: Production the TOC Way - Day 2 AUCKLAND Presentation: Rescuing the New Zealand Economy AUCKLAND Forum: Directors Self Assessment	22 CPIM: Basics of Supply Chain Management - Day 3	23 CPIM: Master Planning of Resources - Day 3 Workshop: Throughput Live! AUCKLAND	24 Hawkes' Bay Anniversary Furniture Meeting
27 Labour Day	28	29	30 Forum: Opening New Markets Overseas and Joint Ventures Workshop: Production the TOC Way - Day 1	31 Workshop: Production the TOC Way - Day 2
3 Marlborough Anniversary	4	5 CPIM: Basics of Supply Chain Management - Day 4	6 CPIM: Master Planning of Resources - Day 4	7
10	11 Engineers Industry Group AUCKLAND	12	13	14 Canterbury Anniversary
17 Council & CEO Forum including CPIM Graduation and Gilbert Ullrich speaking on the NZ Pacific Business Council, open to members	18 Breakfast Forum: Reducing Absenteeism	19 CPIM: Basics of Supply Chain Management - Day 5	20 CPIM: Master Planning of Resources - Day 5	21
24	25	26	27	28

visit our website ...
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