



Manufacturers and Exporters Association  
The independent voice of manufacturers and exporters

## Meet Our Team! A NZMEA staff update...

### John Walley – CEO:

John's key leadership responsibility is to encourage membership debate and agreement on a policy framework that best suits the needs of the manufacturing and exporting community in New Zealand. His corresponding management task is to clearly articulate and effectively promote those policies. John's broad management responsibility is to ensure the Association remains financially viable while effectively supporting our community of interest, encouraging and promoting peer relationships, arranging events, facilitating interactions and building relationships with other organisations.

### David Norris - Executive Officer (Canterbury):

David's tasks include liaising with members and promoting NZMEA membership. He is responsible for the Association events and the wider service programme, which includes managing the relationships with Associate Members who help to provide this. David also spends time helping develop strong relationships with other organisations and Government departments.

### John Rigby - Executive Officer (Auckland):

John liaises with members and promotes membership of the Association. One of his primary tasks is to build a community of interest for the productive sector in Auckland. John also works with David on managing relationships with the Associate Members.

### Trudy Diggs – Administration Officer:

Trudy's role is to provide support to the CEO. She also has responsibility for management of the office. Trudy's role also includes being the key contact for MEAssists, our Industry/Trade Groups, accounts assistance and to help members with queries.

### Tonia Bullen – Accountant:

Tonia does the accounting for the NZMEA, the Mancan Foundation and Manufacturing Growth Solutions. She reports to F&I each month, preparing three sets of accounts for audit and going through the audit process. Tonia also does financial reporting for trade groups and manages the Mancan investment funds.

### Peter Hume - Media Liaison Officer:

Peter's role is to communicate the policy needs of manufacturers and exporters to the wider public. Peter writes media releases and other material to promote better policy conditions for manufacturers and exporters. He also develops a media network to convey the Association's message.

### Maggie Hong – Economist:

Maggie's role is to assist the lobbying activity by providing accurate statistical information and writing analytical reports (Outlooks and Viewpoints) on issues relevant to manufacturers and exporters. She also supports other membership activities by answering economic related enquires for members.

### Verity Register – Programme Administrator:

Verity is responsible for liaising with the membership through regular phone calls so that the Association remains in touch with your issues. Verity also manages the scheduling of our Training and Events calendar; in particular our workshops and larger multi-day programmes. She is also the editor of the member newsletter.

### Leanne Bell - Administration Assistant:

Leanne organises and promotes our Forums along with the Executive Officer and Programme Administrator. She is also responsible for telephone contact with prospective members and keeps our database up-to-date with their details. Leanne ensures these companies are aware of the Association and our services.

### Kath Moore – Front Office Support:

Kath is not only the first person people see when they come to reception but is also the friendly voice on the other end of the phone, always there to answer your queries. Kath's other duties include maintaining the NZMEA website, 'Meet and Greets' to welcome visitors and general office duties.

### Mancan House Conference Centre

#### Andrea Crannitch – Conference & Catering Manager:

Andrea runs the Conference Centre. She caters for Association events and also takes bookings from outside organisations ranging from local businesses, right through to international conferences. Andrea liaises with clients about the details for their bookings including set up, timing, catering, equipment etc.

#### Tom Crannitch – Chef:

Tom is the Chef for the Conference Centre. He also liaises with Andrea and ensures room set-up and equipment are to clients specifications.

# ConnectME

visit our website ...  
[www.mea.org.nz](http://www.mea.org.nz)

## May 2009 - Inside this issue:

|   |       |   |         |
|---|-------|---|---------|
| Commentary                                  | 1     | New Grant System for NZTE               | 8       |
| Media Release                               | 2     | Making the Most of the China FTA        | 9       |
| 100% Contribution Negates                   | 3     | Emphasis on the People Part of Business | 10      |
| Household Spending Key to Economic Recovery | 4     | Be Reasonable! Do it My Way!            | 10 & 11 |
| Orion Invests to Improve Security of Power  | 5     | MEAssist                                | 11      |
| Forums & Workshops/Programmes               | 6 & 7 | What's On                               | 12      |
| Electricity Commission's New Web Service    | 8     |   |         |

## Manufacturing Sales Fall Again

The latest New Zealand Manufacturers and Exporters Association (NZMEA) Survey of Business Conditions completed during April 2009, shows total sales in March 2009 decreased 40.3% (export sales decreased by 30.9% with domestic sales decreasing 45.6%) on March 2008.

The NZMEA survey sample this month covered NZ\$530m in annualised sales, with an export content of 42%.

Net confidence remained at -42.

The current performance index (a combination of profitability and cash flow) is at 89.5, down from the previous month's 94, the change index (capacity utilisation, staff levels, orders and inventories) went down to 91 from 92 last month, and the forecast index (investment, sales, profitability and staff) is at 96.8, up on the previous month's result of 90.3. Anything less than 100 indicates a contraction.

The reported constraints were: 8% staff and 92% markets.

Staff numbers for March decreased year on year by 12.9%.

"Again, year on year sales fell dramatically," says NZMEA Chief Executive John Walley. "The domestic sector has shown the largest fall but broadly the results are bad across the board reflecting the global nature of the crisis."

"Staff numbers have also decreased around 13%. Up to early 2009 staff numbers had been holding up, even increasing, but it seems the slide in demand is now translating into a reduction in capacity and a loss of jobs."

"Comments from manufacturers suggest a real fall in demand between 40% and 60% - that does not bode well for capacity increases any time soon."

"The Reserve Bank of Australia Governor has reported that Australia is now in recession and China's growth rate is slowing markedly so there is little good news in our export markets. This has played out in the performance index which has dropped significantly."

"One positive indicator is the forecast index which has improved significantly suggesting that there may be some light at the end of the tunnel, albeit dim and distant."

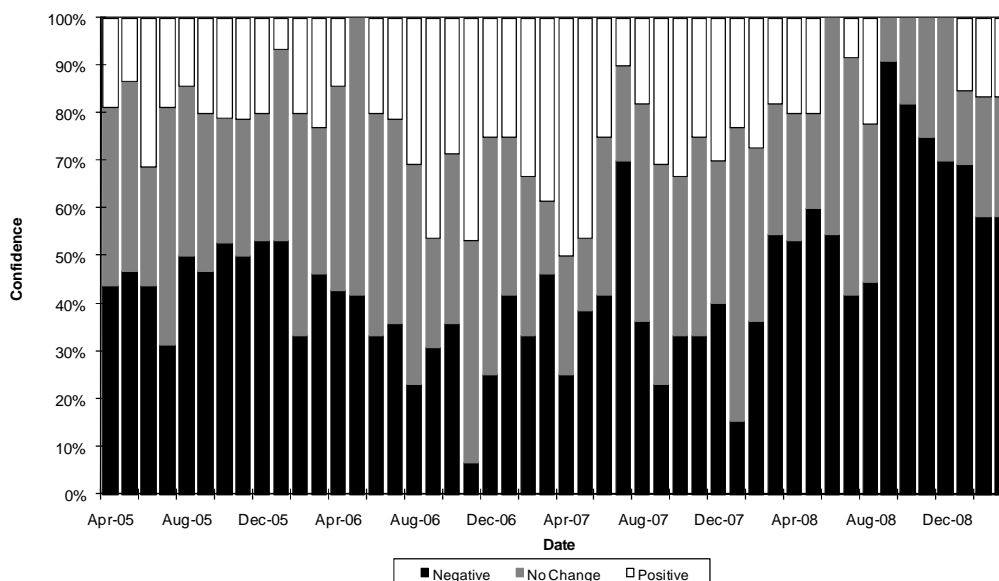
"Domestically we need to take this opportunity to tackle some intractable issues that have affected our economic performance for some time. In particular we need to see the Government take some real action to move towards their stated goal of increasing exports as a percentage of GDP - it will take more than minor cosmetic changes to the grant framework to achieve this."

"It is time to get serious; the variability in the exchange rate is the most urgent matter as the recent spike over 58 cents has demonstrated. It is becoming increasingly clear that the RBNZ needs other tools to achieve broader price stability. If the exchange rate continues to fluctuate to the extent we have seen in the past few years it is difficult to anticipate investment from exporters, and subsequently, a sustained export led recovery."

**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.**

A Case for Compulsory Superannuation, <http://www.mea.org.nz/document.ashx?id=36>  
 Would Giving the Governor Power to Vary the Excise Tax on Fuel Reduce the Amplitude of Exchange Rate Fluctuations?, <http://www.mea.org.nz/document.ashx?id=495>

Confidence



## 100% Contribution Negates “total absence of a fair process”

A recent decision from the Employment Relations Authority indicates that even in a situation where “it may be difficult to find a more unsatisfactory process if one tried”, the actions of the employee can still be of such seriousness to justify no award being made against the employer.

The employee was employed by the Avondale Golf Club Inc as Office Administrator in May 2005. Initially she was employed on the basis of a flat hourly rate with overtime rates of T<sup>1</sup>/<sub>2</sub> for hours worked in excess of the set hours up to three hours and double time thereafter. The employer became concerned at the amount of overtime being claimed and entered into a second employment agreement with the employee in June 2006 which provided that any overtime would be paid at a flat rate. This agreement to cease overtime rates occurred following a meeting between the parties where the payment for accrued overtime hours was discussed, concluded by the payment to the employee of \$1,500.00.

In May 2007 the employee injured her arm at home which resulted in a period of sick leave to recover. During her absence, the Golf Club President, Mr Haggerty, telephoned the employee and requested the passwords for the computer to enable the computer system to be accessed. The employee declined. The conversation became heated and ended with the employee hanging up on Mr Haggerty. A week later the employee returned to the workplace to provide a medical clearance and indicated she would return to work the following Monday. Mr Haggerty advised the employee he wished to meet with her and that she should bring a support person. The meeting took place the following day. At the meeting the employee was told that the Golf Club had passed a motion of no confidence in her and that she would be paid two week’s pay in lieu of notice.

The reason given for the termination of employment was due to gross insubordination during the telephone conversation where the employee refused to disclose the password to the club computer system.

The employer expressed a preference that the employee resign rather than be dismissed however she refused to resign and indicated she would return to work on Monday as planned. She was advised she would be banned from the premises and that due to the extraordinary reaction of the employee during the earlier telephone conversation, an audit would be undertaken of the club’s financial records. Ultimately this audit revealed the employee had made unauthorised payments to herself in excess of \$32,000. The employee raised a personal grievance on the basis of unjustifiable dismissal and disadvantage.

The Authority commented: “it would be difficult to find a more unsatisfactory process if one tried.” It held that the decision to dismiss the employee had been made at a golf club management meeting with the employee being unaware that the decision was even in contemplation and without the possibility of her having any chance to have her views aired before the decision maker. The employer’s actions were held to amount to an unjustified dismissal and to have disadvantaged the employee. The Authority however went on to hold that the employee had contributed to the circumstances of her grievance. The Golf Club had a proprietary right to the passwords that the employee refused to disclose. Her action in hanging up the phone on Mr Haggerty was also unacceptable. As the employer had no knowledge of the financial irregularities at the time of the dismissal, this could not retrospectively be relied on to justify its decision to dismiss. The Authority stated that it was entitled to consider the subsequent discovery in relation to remedies because to do otherwise would allow the employee to benefit from her wrong-doing. On this basis, the contribution of the employee was assessed at 100%. The only award made to the employee was for unpaid holiday pay, amounting to \$2095.89.

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



### ASPIRING DIRECTOR AWARD

The Institute of Directors in New Zealand (IoD) promotes excellence in corporate governance, represents directors’ interests and facilitates their professional development through education and training.

- Do you aspire to follow a directorship path, either by joining a board or broadening your current experience?
- Do you have at least 5 years business experience?
- Are you able to explain the key features of good governance?

**Benefits include:**

- \$1,500 towards an IoD professional development course of your choice.
- One year’s complimentary membership of the IoD.
- 4 complimentary vouchers for Canterbury members’ functions where members can learn and share their experiences.
- A mentoring session with an experienced director to plan your directorship pathway.

This award is open to both members and non-members of the IoD Canterbury branch including West Coast and South Canterbury.

*Applications close on Friday 29 May 2009 at 5.00 pm. For an application form please contact our Branch Manager, Sharynn Beaven, on 03 355 6650, email canterbury.branch@iod.org.nz or visit our website www.iod.org.nz*



## Household Spending Key to Economic Recovery

Optimism is growing that we may have seen the worst of the global financial crisis. Unprecedented steps have been taken by Governments around the world to stabilise the financial system and inject stimulus into the global economy. There is no doubt that at some stage, all those efforts will work. But even if the financial system is on the mend and credit markets improve, this does not mean that the global economy is set to rebound strongly anytime soon. The global economy still needs to go through the de-leveraging process.

Essentially this means getting debt levels down to more manageable levels.

When corporates need to de-leverage, they can do it quickly owing to the many levers they can pull. They can defer investment, cut costs or implement better inventory control. The result of this is what economists refer to as a 'V' shaped economic cycle.

Households on the other hand, have only one lever to pull, namely reduce spending. Household de-leveraging is more synonymous with a U and L shaped outcome. In the current environment, it is household balance sheets that are in most need of repair.

In New Zealand, the household debt to income ratio increased from 60 percent to close to 160 percent between 1991 and 2008. Debt servicing increased from eight percent of disposable income to over 14 percent currently. Housing represents 75 percent of total assets. These dynamics were a reflection of the "old" macro environment where credit was cheap and easily available. This allowed New Zealand to run large current account deficits - currently near nine percent of GDP.

We are in no doubt that we will see a recovery. Natural population growth, improved migration and easier monetary conditions are support factors that will gain traction as the global scene gradually improves. However, the "new" macro environment will see a structural rebalancing of the economy away from debt-fuelled consumption towards more earnings-centric growth.

This rebalancing process will take some time, particularly as unemployment rises and many households may end up with reduced income. Therefore, we can expect anaemic consumption growth for a number of years.

What this means for manufacturers is largely dependent on what they produce and who and where they are selling it to. Those supplying to the luxury or discretionary end of the market are no doubt feeling most of the strain, particularly those exposed to offshore markets that have been severely hit by the global recession. And in a de-leveraging environment where households the world over are looking to reduce their spending, things will likely get tougher in the near-term for manufacturers.

Thriving in the current environment will require different business models to the past. Here, New Zealand is better positioned to adapt thanks to its mainly niche manufacturing, exposure to the Asian region, and strength in the agriculture sector. No matter how bad things get, people still need to eat. And with higher household savings rates and official reserves to draw on, as well as less exposure by their financial institutions to the toxic assets that are plaguing Western banks, Asian economies are better placed to recover from the global recession compared to the Western economies. But being more nimble, being able to adapt products to changing consumer tastes and habits and being willing to source new offshore markets, will be more important than ever, especially with the domestic economy in New Zealand set to struggle for some time.

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Michael McCrea - Corporate Banking  
Carlyle Boyd - Commercial Banking

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## Orion Invests to Improve Security of Power Supply in Central Canterbury

The power outage which affected parts of Auckland in February has sparked concern from some NZMEA members regarding security of electricity supply in Canterbury, and the risks of such an event happening here.

Orion New Zealand Ltd, which owns and operates the electricity distribution network in central Canterbury, would like to advise Association members of the steps it has taken to enhance electricity supply security and reliability in central Canterbury.

Orion, one of New Zealand’s largest and most reliable electricity distribution networks, is keen to reassure Canterbury manufacturers that the region faces a reasonably stable future in terms of the security and reliability of the electricity supply.

Orion distributes electricity to about 190,000 customers over 8,000 square kilometres in central Canterbury. On average, Orion customers experience less than one interruption in power supply a year, and in the last year the company continued to rank as one of the most reliable and efficient networks in the country.

Chief Executive Roger Sutton says that while no electricity network can guarantee security of supply around the clock, Orion continues to invest significant time and money to improve network performance and ensure its assets are protected against identified risks such as natural disasters and asset failure.

“A reliable and secure electricity supply is critical to our essential services, manufacturing operations and central business district, given the widespread impact of any electricity outage,” Mr Sutton says.

The Orion network that supplies the CBD is very secure – several alternative sources can get power to the CBD if there is a fault somewhere on the system.

The urban network is also very secure – most urban district/zone substations have at least two supply sources. If one source fails, a district/zone substation can still be fed from an alternate source without a break in electricity supply.

In recent years, Orion has reduced the risk of a major asset failure through periodic in-the-field electrical testing of equipment, implementing a comprehensive maintenance and replacement programme for assets such as cable joints, transformers, switchgear and poles, and introducing more ripple plants into the network to help reduce peak load.

“We’re also working closely with Transpower to upgrade and replace local grid assets to strengthen security and reliability of supply for our central Canterbury customers. Where we have identified network security gaps, Orion has either undertaken or planned additional investment to close those gaps and maintain the required level of security,” Mr Sutton says.

The nationwide security of supply situation is also stable at present due to national energy demand being down compared to last year, and hydro lake storage levels being about 10 percent higher than normal.

“It’s important to note that for many of our manufacturing customers, the highest risk of their lights going out actually rests at the lines or cables running the final 50 metres into their factory,” Mr Sutton concludes.

*This article was provided by Orion New Zealand Limited. For further information about security supply and risk management on the Orion network, please refer to section 6 of the **Asset Management Plan** on the Orion website: [www.oriongroup.co.nz](http://www.oriongroup.co.nz), located under the ‘Publications & Disclosures’ tab.*

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## 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](http://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](mailto:mea@mea.org.nz).

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### Reducing Absenteeism

**Tuesday 12 May, 4.00pm, Christchurch**

Absenteeism of staff can be a significant and ongoing cost to businesses. This Forum is aimed at assisting those responsible for managing annual and sick leave entitlements of staff and discussing the procedural requirements for addressing excessive absence.

**This Forum will include:** Recent developments in case law on issues relating to sick leave from the Employment Relations Authority and Employment Court. • Updates on any recent changes in Employment Law including KiwiSaver and the Job support scheme. • Discussion regarding the process for managing long term absence due to illness. • Discussion regarding the process for shorter intermittent periods of absence. • Managing sick leave within the constraints of applicable employment documents. • Consideration of the reasons for absence. • Time for questions and answers.

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### Collective Agreements & Wage Negotiations

**Tuesday 19 May, 4.00pm, Christchurch**

The Employment Relations Act requires all Collective Agreements to be negotiated with Unions. The procedures required to be followed place restrictions on employers and the dynamics involved are very different than when conducting negotiations with individuals. Understanding and addressing these matters should be an integral part of any bargaining strategy.

**During this interactive Forum participants will:** Gain an understanding of the legal requirements and restrictions. • Review and analyse changes. • Discuss strategies for using these changes positively. • Discuss how others have achieved positive outcomes. • Plan for the future.

This Forum will be presented by **Penny Shaw** an Employment Law specialist at *Brannigans Human Capital*.

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### Intellectual Property:

**Perspectives from a Non-Patent Attorney - Making money from ideas rather than spending it all and hoping!**

**Tuesday 26 May, 4.00pm, Christchurch**

Commercialising Intellectual Property (in short converting ideas and innovation into wealth) is a fundamental driver of business growth and success. This Forum provides a road map to small and medium-size companies (who are often far more innovative and responsive than their corporate cousins) to convert innovation into growth and wealth.

**Key points that will be addressed include:** Really understanding what “Intellectual Property” is. • The two fundamental models of commercialisation: manufacture and license. • How to access global markets by leveraging Intellectual Property. • IP protection cost control and IP attorney management. • Negotiating licenses to valuable technology in or out of your business.

This Forum will be presented by **Paul Adams**, Chief Executive Officer of *EverEdgeIP*, Australasia’s leading Intellectual Property commercialisation and management firm.

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### Dealing with Difficult People

**Thursday 28 May, 4.00pm, Christchurch**

We all come up against difficult people from time to time but who is really ‘difficult’?

- What makes a person difficult?
- Can you define ‘difficult’?
- What does a difficult person think about you?

Actually, ‘difficult’ is a two-way street. Knowing how to consider another person’s point of view is the key to being able to work together successfully. This Forum will use [simple, well-proven techniques](#) to show you how to harness the power of ‘difficult’ to solve problems and move forward to productive outcomes.

Presenter, **Ron Dards** is the Managing Director of *The Test Agency Ltd*, a human resource consultancy which specialises in maximising human performance. (See *related article on Pages 10 & 11*).

## Forums continued...

### Directors Responsibilities - Are you working 'in the business' rather than 'on the business'?

Wednesday 10 June, 4.00pm, Christchurch

This Forum will provide an opportunity to review your Board's effectiveness in meeting its responsibilities and introduce a forthcoming workshop on Directors Statutory and Other Responsibilities. In tougher economic conditions, maintaining both a long term and a short term focus can be challenging. This Forum will also provide an opportunity to discuss solutions to common governance issues for many manufacturers today.

#### This Forum will include:

- A review of the functions and responsibilities of a Board of Directors.
- An outline of statutory compliance and obligations of Directors.
- Discussions on discharging Director's duties.

This Forum will be presented by **Eric Livingstone**; Managing Director of *Livingstone Business Consultants Ltd*. Eric is an experienced advisor and independent director to a number of Boards.

## 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](http://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](mailto:mea@mea.org.nz).

| Date:                   | City:        | Event:   |
|-------------------------|--------------|--|
| May/June/July           | Christchurch | The People Part of Business (half day workshop series)<br>-Team Development - <b>21 May</b><br>-Communication & Motivation - <b>4 June</b><br>-Coping with the Unexpected - <b>18 June</b><br>-Negotiation - <b>2 July</b> |
| Tuesday 19 May          | Ashburton    | Training the Trainer (full day workshop)   |
| Starts Thursday 21 May  | Auckland     | Production the TOC Way Workshop (two full days, 21/22 May)   |
| Monday 25 May           | Christchurch | Throughput Live! (half day workshop)   |
| Monday 8 June           | Hamilton     | Throughput Live! (half day workshop)   |
| Starts Thursday 11 June | Christchurch | Production the TOC Way Workshop (two full days, 11/12 June)  |
| Tuesday 23 June         | Christchurch | Training the Trainer (full day workshop)   |
| Wednesday 24 June       | Christchurch | Directors Statutory & Other Responsibilities (full day workshop)   |
| Starts Thursday 25 June | Hamilton     | Production the TOC Way Workshop (two full days, 25/26 June)  |



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**Or complete our online registration form at [www.nzpics.org.nz](http://www.nzpics.org.nz)**

## Electricity Commission's New 'Supplyline' Web Service

The Electricity Commission is launching a website, aimed at medium to larger businesses, to help them monitor the security of the power system. The Supplyline site will help businesses to access and interpret information about the level of risk and how it may impact on them.

The Supplyline website was developed following the Commission's review of the electricity system's performance during the dry winter of 2008. The review recommended that a central portal should be created to bring together key information about security of supply.

The site is primarily targeted at medium to large electricity consumers, and is intended to inform them about any potential and actual impact of supply problems, such as a prolonged drought or fuel shortage.

Some businesses are exposed to electricity spot prices, which can rise significantly when things get tight. But many also have the ability to respond by cutting back their electricity use, substituting other energy sources or shifting their power usage to off-peak times. Supplyline will provide easy-to-understand information that could help those businesses understand the risk of shortages and manage their power costs.

**The site can be found at:**

<http://supplyline.electricitycommission.govt.nz>

Consumers can sign up to receive email alerts when there are significant changes to the site.

## New Grant System for NZTE

Provided by the NZMEA

The Government is establishing a single grant scheme to assist businesses growing globally by combining three of New Zealand Trade and Enterprise (NZTE)'s existing grant schemes into one fund. The Market Development and Capability Building grants will be phased out to allow the Growth Services Fund to expand, but the same old 'picking winners' approach is still alive and kicking in Government thinking.

Economic Development Minister Gerry Brownlee said the new fund will be targeted at businesses with the potential for high growth in new markets, or which already have an established global presence but are seeking to expand or intensify their operations.

However, the decision leaves a team of Wellington bureaucrats deciding who gets what funding. Officials often have little understanding of the earning potential of firms so the money simply ends up in the hands of safe businesses they can understand. This makes any potential funding both unpredictable and unfair. Even those firms that are successful in applying for a NZTE grant dissipate a significant amount of resources to attain it. For those who are unsuccessful the effort put into applying for grants is wasted.

Tax incentives like the Research and Development Tax Credit assist firms that choose to risk investment in their own business. This means that the people who are most knowledgeable about the business (those who run it) are able to determine the likelihood of success – who would you prefer to bet on, bureaucrats or owners whose livelihoods are on the line?

The amount Government is prepared to commit to the fund is economically insignificant. Once the fund is fully established in 2010, it will be worth \$30 million which amounts to \$2,200 per exporting firm. Even concentrated in a handful of firms this is tiny compared to the wild fluctuations in our exchange rate. It is even less than the proposed national cycle way and the funding spent on Export Year by the last Government. Clearly the tradeable sector is being overlooked.

That said, the changes to the scheme may make it possible for firms that were not eligible previously to get funding.

For more information on how the new fund will work, contact us on email: [mea@mea.org.nz](mailto:mea@mea.org.nz) or phone: 0800 353 2540.

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## Making the Most of the China Free Trade Agreement

The introduction of the Free Trade Agreement (FTA) with China last year was met with much fanfare. Now that the agreement has been in place a few months, what are the practical matters you need to be aware of when claiming preference under the FTA?

The New Zealand-China FTA is beginning to have an impact on New Zealand companies that trade with China. So how do New Zealand exporters access the benefits of the FTA and what are the “finer points” of the agreement that exporters need to be aware of?

### Duty Rate Reductions

The FTA removed duties on a third of New Zealand’s exports to China when it was ratified in October last year, with a further third of exports receiving duty free access during the next four years. The final reductions come into effect in 2019.

The tariff reduction schedule is goods specific, and exporters will need to confirm the reduction schedule applying to their specific goods.

### Direct Shipment Rule

One condition regarding access to reduced tariff rates is the direct consignment rule, whereby the goods must:

- Travel directly between New Zealand and China; or
- Transit through a third country, with or without trans-shipment or temporary storage of up to six months, as long as the goods don’t enter the commerce of that country and they don’t undergo anything other than repacking.

The direct shipment rule is included in the FTA to reduce the risk of goods qualifying for preference being mixed with non-qualifying goods.

However, it may not always be possible to ship directly from New Zealand to China without passing through a third country, such as where goods are trans-shipped through a logistics hub. In such instances, other conditions are specified in the FTA such as:

- The shipment must remain under customs control (i.e. as required by customs transit procedures or in terms of temporary storage of up to six months);
- The goods may not “enter the commerce” of the country of transit, meaning the goods may not enter that country for commercial purposes, such as being sold or offered for sale; and
- The goods can not undergo further processing or manufacturing processes which would increase the value of the goods (other than repacking into another container).

### Rules of Origin

To be eligible for preferential duty rates, goods must meet the Rules of Origin, which are primarily based on the Change of Tariff Classification (“CTC”) approach, i.e. goods “manufactured in either China or New Zealand” using inputs from other countries are eligible for tariff free access provided the goods undergo a CTC as a result of the production process (for example, a New Zealand company imports steel from Australia, and exports nails to China).

There may be an additional Regional Value Content (“RVC”) of a specified percentage for some products (i.e. a minimum percentage of the value of the goods must have been sourced from New Zealand or China). RVCs falling below the specified percentage (generally between 30% and 45%) will not qualify for preferential duty rates.

### Certificates of Origin

To qualify for preferential status, the Chinese authorities require New Zealand exporters to obtain a Certificate of Origin (“COO”) in order to prove the claim for New Zealand preference is valid.

To obtain a COO, exporters need to satisfy the particular certification body that their goods met the origin criteria as specified in the FTA. The original COO must be submitted to China customs and the New Zealand exporter must retain origin documentation for a period of seven years.

### Advanced Customs Rulings

To facilitate the cross-border movement of goods, the FTA provides for two types of advance rulings:

- Tariff classification, which can only be applied for by an entity registered with China customs (e.g. an importer or customs broker/agent); and
- Origin (and preference), which can be lodged by anyone, including a New Zealand based exporter (i.e. there is no requirement to be registered with China customs).

In practice however, it would seem that not all of China’s 600 customs ports offer advanced rulings at present, and each port maintains its own criteria as to which companies and goods will qualify for a ruling. It is hoped that in time there will be greater national consistency across China in relation to rulings, but at present the best advice is to seek local advice relevant to the port to which your goods are shipped.

*This article was provided by KPMG. If you require further information relating to this topic please contact us on email: [mea@mea.org.nz](mailto:mea@mea.org.nz) or phone: 0800 353 2540.*

## THE TEST AGENCY LTD

### Emphasis on the People Part of Business

In times of recession organisations are forced to either save on costs or increase profit, or if they can, do both. Tough times reveal any weaknesses in the cost/profit ratio and highlight the need for better productivity, efficiency, and many other similarly "lean" terms.

Most firms can find places to save in material purchases or usage. Some can save on energy, travelling, or luxuries. All can save and save very well, if their people all work to save. Savings and profits can be achieved by working together, but do staff work together towards anything?

Use whatever terms you will to describe it, the fact remains that while businesses seldom fail, people often do. In fact I firmly believe that there are no problems which are not people problems. If one examines the most common difficulties experienced in business, one will find somewhere at the source of the problem a human device which is operating unsatisfactorily, or outside its' design specifications.

So if things goes wrong because people go wrong, what can we do to make a few more things go right?

We can start by accepting a few very fundamental, but seldom applied facts about human interaction:

#### The ten basic points of human interaction:

1. Practically every human you meet is different to you.
2. Some of the differences are so radical that you could almost be different species.
3. It is possible to measure the differences.
4. It is possible to apply the differences productively.
5. There are rarely any rights and wrongs where people are concerned - only differences.
6. What people believe for them is truth, regardless of the facts.

7. Often the gap between an individual's beliefs and the facts is so wide that no one can see the other side, although there actually is another side.
8. While one person may not agree with another on some matter, the fact of disagreement is not of itself a cause for conflict, nor does it involve personalities.
9. If two individuals disagree, it often is true that neither is right, even if there is a "right".
10. We all have desires, few of us have the same desires, even when we claim that we do.

Example: There are far too many small errors in the paper work, the person concerned does not pay attention to detail. Possible fact: This person is different in that it is not in their makeup to deal with detail. Possible fact: This person has no reason to value paper work, they see the far side as results, not records. Possible fact: You are placing a value on the paper which is out of proportion to its' contribution to the whole operation.

Possible solution: Establish just what talents the employee has aside from paper work and redeploy them where their talents will be more applicable. Possible solution: Define in detail the importance of the paper work and ensure that the person concerned is aware of it in their terms, not **yours, theirs**. Possible solution: Honestly evaluate the real value of the paper in that context.

The NZMEA will shortly be running a five-part series of workshops aimed at teaching managers and supervisors to maximise the performance of the human devices they have. It is called "The People Part of Business", if you want to improve human performance in your organisation you are invited to join us. The flyer is enclosed in this newsletter, or you can register on our website: [www.mea.org.nz](http://www.mea.org.nz).

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By Ron Dards of the Test Agency

## THE TEST AGENCY LTD

### Be Reasonable – Do it My Way!

Why is "reasonable" so misused? Have you ever had an individual who knows a better way? No matter that you have a perfectly good way of doing it, they know a better way and they will use time you can't afford to put forward their case? Have you ever had the experience of the individual who will not agree, no matter how "reasonable" the proposition? Maybe you have found that reaction when you tried to get someone to see things your way?

It is unfortunate, but true, that often the most valuable and creative individuals in an organisation are often the hardest to get on with. It is often said that one should never work with a genius or prima donna, particularly if the individual holds strong opinions or is in a position of power. They may be hard to manage or even tough to communicate with.

We sometimes refer to such people as "difficult".

We have all had the experience of the top performer, perhaps a sales person or a creative type, who refuses to comply with administrative processes. Then, they do something so brilliant that, for the moment, all their sins are forgiven. Then there is the surly, taciturn engineer, whose idea of communication is a muffled grunt, but who can make any machine sing in four part harmony. People like this are often so very important to the success of an organisation, yet they are the cause of endless irritation to those who have to manage them. There are also the clients or customers who are very important for their contributions, but who are troublesome to deal with. Difficult people indeed!

While you are asking yourself how you are going to deal with the latest manifestation of the difficult syndrome this time, perhaps you should consider the idea of "difficult" from a slightly different angle - "Who, Where and What is the REAL difficulty?"

*Continued on Page 11...*

## Be Reasonable – Do it My Way!

Did you ever stop to analyse exactly what is going on when it gets difficult? Sometimes a detached impersonal and analytical assessment of a situation can bring an astonishing flash of enlightenment – it might even show that you are a possible contributor to the problem. Maybe there are things you can do to make “difficult” a little less so.

Ron Dards will be presenting a Forum on **“Dealing with Difficult People”** on **Thursday 28 May**. Ron will show you how to turn “difficult” into “result”.

You can register for this Forum on our website: [www.mea.org.nz](http://www.mea.org.nz).

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## MEAssist

**To network with other Members or get assistance from our Associate Membership contact:  
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**Our Associate Membership includes a wide range of specialists, consultants and service providers who can assist Association Members with:**

- |  |  |
|--|--|
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# what's on

| Monday   | Tuesday  | Wednesday   | Thursday   | Friday   |
|--|--|---|--|--|
|  |  |   |  | 1<br>May   |
| 4  | 5<br><b>Breakfast Forum:</b> Strategic Pricing - But How Does it Apply in Tough Times?                                 | 6   | 7<br><b>CPIM:</b> Execution & Control of Operations - Day 1  | 8  |
| 11   | 12<br><b>Forum:</b> Reducing Absenteeism   | 13  | 14   | 15   |
| 18<br><b>Council Meeting</b><br>5pm - Open to Members with Guest Speaker - Sir Kerry Burke of ECan                         | 19<br><b>Forum:</b> Collective Agreements & Wage Negotiations<br><br><b>Workshop:</b> Training the Trainer (ASHBURTON) | 20  | 21<br><b>Workshop:</b> The People Part of Business: Team Development<br><br><b>CPIM:</b> Execution & Control of Operations - Day 2<br><br><b>Workshop:</b> Production the TOC Way - Day 1 (AUCKLAND)                 | 22<br><b>Workshop:</b> Production the TOC Way - Day 2 (AUCKLAND)   |
| 25<br><b>Workshop:</b> Throughput Live!  | 26<br><b>Forum:</b> Intellectual Property  | 27  | 28<br><b>Forum:</b> Dealing with Difficult People  | 29   |
| 1<br>QUEENS BIRTHDAY   | 2  | 3   | 4<br><b>Workshop:</b> The People Part of Business: Communication & Motivation<br><br><b>CPIM:</b> Execution & Control of Operations - Day 3  | 5  |
| June   |  |   |  |  |
| 8<br><b>Workshop:</b> Throughput Live! (HAMILTON)  | 9  | 10<br><b>Forum:</b> Directors Responsibilities                      | 11<br><b>Workshop:</b> Production the TOC Way - Day 1  | 12<br><b>Workshop:</b> Production the TOC Way - Day 2  |
| 15<br><b>Executive Meeting</b><br>5pm - Open to Members with Guest Speakers - Ian Whitehouse and Andy Pearce of Terra Nova | 16<br><b>Forum:</b> Lean Manufacturing - With Measurable Results in Just 5 Days!                                       | 17<br><b>Site Visit:</b> CWF Hamilton & Co                          | 18<br><b>Workshop:</b> The People Part of Business: Coping with the Unexpected<br><br><b>CPIM:</b> Execution & Control of Operations - Day 4<br><br><b>Workshop:</b> Health & Safety Representative Training - Day 1 | 19<br><b>Furniture Trade Group Meeting</b><br><br><b>Workshop:</b> Health & Safety Representative Training - Day 2 |
| 22   | 23<br><b>Workshop:</b> Training the Trainer  | 24<br><b>Workshop:</b> Directors Statutory & Other Responsibilities | 25<br><b>Workshop:</b> Production the TOC Way - Day 1 (HAMILTON)   | 26<br><b>Workshop:</b> Production the TOC Way - Day 2 (HAMILTON)   |
| 29   | 30   |   |  |  |

visit our website ...

[www.mea.org.nz](http://www.mea.org.nz)



253 Cambridge Terrace,  
Christchurch 8013,  
New Zealand



PO Box 13152,  
Armagh,  
Christchurch 8141,  
New Zealand



Phone: +64 03 353 2540  
Fax: +64 03 353 2549  
Freecall: 0800 353 2540



[mea@mea.org.nz](mailto:mea@mea.org.nz)  
[www.mea.org.nz](http://www.mea.org.nz)