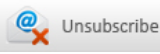


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## MEActive - May 2010

Welcome to the New Zealand Manufacturers and Exporters Association's monthly enews, giving a series of updates on what we have been working on to make things better for manufacturers and exporters.

Our web content has now been upgraded. We have added two blogs, [realeconomy](#) and [johnwalley](#). Print, email links, [RSS](#) and [Twitter](#) feeds are now on all our sites. Using these feeds you can receive updates and news in your email or browser as they are loaded to our websites. You can switch between the sites easily and the blogs make it easy to comment. We very much want to see your contributions.

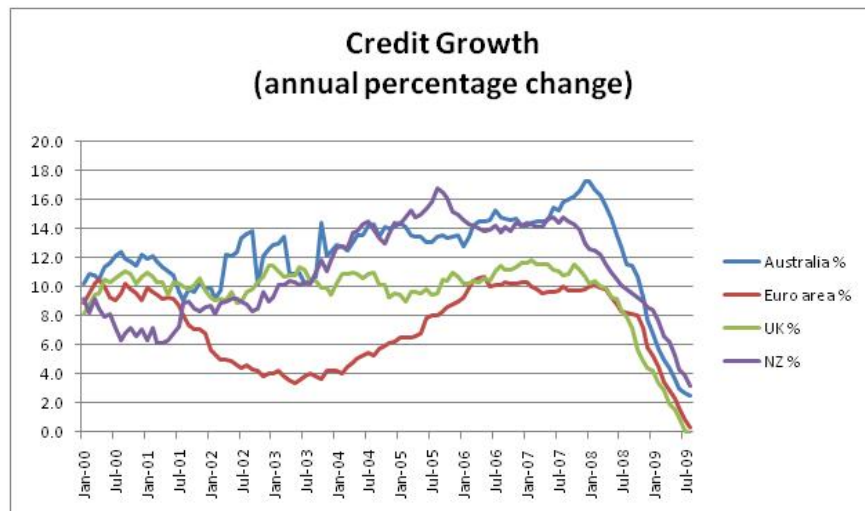
- [CEO Comment](#).
- [NZMEA Alert](#) - Call for comments on submissions/discussion documents.
- [Media Coverage](#) - Where we have been reported over the past month.
- [Media Releases](#) - Circulated to all media by the NZMEA.
- [Upcoming Events](#) - [NZMEA](#), [Competenz](#), [Hera](#), [China](#)
- [NZMEA Survey of Business Conditions](#).

## CEO Comment: Budget – Opportunities Missed

The Budget was very strong on rebalancing rhetoric with the promotion of productive investment and growing exports getting lots of air time, but the changes and numbers did not back up the talk. Initiatives such as reducing personal and corporate tax, tightening up on Loss Attributing Qualifying Companies (LAQCs) and increasing GST will be helpful to a point but the Government missed the opportunity for a step change in policy, particularly in the tax area.

The most concerning point in the Budget was its potential impact on business investment in the real economy. The removal of accelerated depreciation for plant and equipment investment, combined with watered down research and development (R&D) incentives leaves very little incentive for real economy firms to invest in growth, productivity and jobs. New Zealand already ranks near the bottom of the OECD in terms of private sector R&D investment and these changes will only serve to worsen the problem.

Another area of worry in the Budget was that the numbers were constructed on the assumption of three percent growth over the next three years. Even with these optimistic numbers the Government is borrowing at a rate of almost \$1 billion per month. If the growth rate is lower then this number will be much higher. The growth rate is heavily dependent on a lift in investment and jobs but the Reserve Bank's statistics on banks' business lending is showing that investment numbers have not recovered despite the improvement in business confidence. It is worth noting that our own survey demonstrates no correlation between confidence and performance. The credit growth chart below shows that lending is still some way from recovering in developed countries.



The tax plan was the centerpiece of the Budget and the extent of personal tax cuts and the cut in the corporate tax rate did provide a bit of a surprise. The start of some shift from taxing profits and incomes to taxing assets and consumption is positive but the changes could have gone a lot further.

A comprehensive capital gains tax or a land tax would have been far simpler and far more effective ways of bringing property gains into the tax structure. Measures around the LAQCs will provide some benefit but by not introducing a ring fencing of losses and maybe a bright-line test the changes are still prone to enforcement problems.

The initiatives announced by the Government will have some impact on the productive sector but this has to be seen as a starting point. As a country with a high export content as a percentage of total GDP an export focus is vital. Policy must shift from reallocating existing resources to growing the tradeable economy if we are to reverse our economic slide.

# NZMEA Alert

Upcoming submissions, discussion papers and surveys that you may be interested in:

## Review of Workplace Exposure Standards

The Department of Labour is currently reviewing the Workplace Exposure Standards (WES) for methyl bromide, formaldehyde and soft wood dust. If you would like further information on any of these topics please contact [Trudy Diggs](#).

## The KAREN Network

The [KAREN network](#) was previously restricted to Crown Research users, however this restriction is being relaxed. If you have a need for large bandwidth communication channel this might be a solution. For more information email [Trudy Diggs](#).

# Media Coverage

Where the NZMEA was reported during April.

6 April	Voxy.co.nz	Domestic sales supports growth. <i>Internet.</i>
7 April	The Press	Survey lifts hopes for sector. <i>Newspaper.</i>
7 April	NBR.co.nz	Some improvement for manufacturers and exporters. <i>Internet.</i>
7 April	Scoop.co.nz	2010 alternative budget competition. <i>Internet.</i>
7 April	Interest.co.nz	Alternative Budget 2010 competition launched to get generations X and Y thinking. <i>Internet.</i>
13 April	NZ Exporter	No marks for good policies yet for John Key. <i>Magazine.</i>
14 April	Engineering News	Poor productivity result spells out problems. <i>Magazine.</i>
14 April	NZ Manufacturer	Bumping along the bottom. <i>Magazine.</i>
15 April	Voxy.co.nz	NZMEA: OCR must remain on hold. <i>Internet.</i>
15 April	Radio NZ	Employment lags behind manufacturing growth. <i>Radio.</i>
16 April	Scoop.co.nz	OCR must remain on hold. <i>Internet.</i>
24 April	The Press	'Lunatics' call for drastic remedies. <i>Newspaper.</i>
26 April	Stuff.co.nz	Call for drastic remedies. <i>Internet.</i>
27 April	NZ Herald	Kiwi hits US72c and rise on the cards. <i>Newspaper.</i>

# Media Releases

Media releases submitted by the NZMEA during April. [Click here](#) to read the latest media releases.

<a href="#">6 April</a>	Domestic Sales Support Growth.
<a href="#">15 April</a>	OCR Must Remain on Hold.
<a href="#">22 April</a>	Where Production Goes R&D Will Follow.

# Upcoming Events

[Click here](#) for information and to register for our upcoming events.

<a href="#">01 June</a>	Engineers Industry Group - Christchurch.
<a href="#">02 June</a>	Forum: Drug and Alcohol Policies in the Workplace - Christchurch.
<a href="#">04 June</a>	Breakfast Meeting with Hon. Bill English - Christchurch.
<a href="#">09 June</a>	Forum: Intellectual Property - Debunking the Myth - Auckland.
<a href="#">10 June</a>	Forum: Lean by Product Design - Christchurch.
<a href="#">15 June</a>	Forum: Controlling Your Business - Christchurch.
<a href="#">17 June</a>	Forum: Telephone Sales & Appointments - Christchurch.
<a href="#">22 June</a>	Auckland: NZMEA Council & CEO Forum
<a href="#">23 June</a>	Forum: Reducing Absenteeism - Christchurch.
<a href="#">24 June</a>	Forum: Team Development - Christchurch.

## Competenz and FGC bring you the Supermarket Guru

For more than 25 years, Phil Lempert, expert analyst of consumer behaviour, marketing trends, new products and the changing retail landscape, has identified and explained future trends to consumers and some of the most prestigious FMCG companies worldwide.

He is the food trends editor and correspondent for NBC News' Today show Known in the USA as the Supermarket Guru®. Lempert is one of America's leading consumer trend-watchers and analysts. He is the food trends editor and correspondent for NBC News' Today show, makes monthly appearances on ABC's The View, and has appeared many times on shows such as The Oprah Winfrey Show, 20/20, CNN and local television shows throughout the America. For further information please [click here](#) or visit the Competenz website.

**Registration is now open for the seminar NZS 4711 Welding Standards Update**

Standards NZ has recently announced the withdrawal of welder qualification standard NZS 4711. NZS 4711 will be superseded for most users by joint Australian/NZ Standard 2980:2007 Qualification of welders for fusion welding of steels. In response to considerable interest in this change, HERA is offering a seminar that will provide practical guidance on the transition from NZS 4711 to AS/NZS 2980, and welder qualification issues in general. [Click here](#) for an application form and more information.

**My 1000 Days in China - Comment from the Inside**

Ian McInnes is the Managing Director of Climate Solutions, AES, China, one of the worlds largest power companies. This is a lunch time presentation where Ian will discuss his role and experiences. After lunch there will be an additional session from Ian on "Life in China". [Click here](#) for more information. NZMEA members can attend at NZIM member rates.