



ConnectME

Idea Cherry Picking Equals Incoherent Policy Framework

The Government's thirst for working groups to consider contentious policy issues has the benefit of opening public access to the debate, but scope restrictions handed down to create bias in working group reports, and the Government's cherry picking of the proposals is building an ever more incoherent economic policy framework. As a Savings Working Group is commissioned the interaction across these ad hoc policy changes need to be considered.

The Tax Working Group was a case in point where its members went to great lengths to provide a number of well thought out and coherent proposals for the Government to choose from, according to their own preferences and political bias. All of these potential tax packages addressed their key areas of concern which were fairness (taxing all income sources the same) and coherence (aligning rates to avoid tax evasion). The Government selected three main policies: increasing GST, cancelling depreciation entitlements and decreasing corporate and personal tax. While all of these measures were recommended by the working group, this combination of reforms did not correct the major problems identified by the Tax Working Group. We still have a system that fails to tax asset income and overloads personal and corporate income, and there remain significant differences between corporate, personal and trust tax rates. The Tax Working Group started with the assertion that the tax system is broken and at the end of a lengthy process that is still the case.

September 2010

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The restrictions imposed on the Savings Working Group are likely to produce similarly distorted initiatives. How savings can be considered without looking at tax issues which determine where savings are likely to be invested, and superannuation entitlements which determine how and when savings will be spent escapes me. Hopefully the working group will ignore these restrictions and take a more holistic approach. Yes, we need deeper capital markets in New Zealand, but if there are better returns offshore because fiscal policy disadvantages domestic investment, more domestic savings will do little to improve domestic investment - 'just tell us how to fight the alligators, and don't worry about the swamp' is a pretty deficient scope.

According to the Inland Revenue Department an estimated 56 percent of funds are invested in New Zealand assets and 44 percent in overseas assets. If the Government legislated to force Kiwisaver providers to invest only in New Zealand this would threaten the ability of the fund managers to manage for the best return.

The reasons why there are limited investment opportunities in New Zealand need to be investigated and corrected. How can a comprehensive answer ignore tax and entitlement issues?

The tax problem in particular needs to be addressed. The absence of taxation on asset gain weighs investment decisions towards property and reduces the pool of capital available to productive businesses (this capital is tied up in land and buildings). It also reduces returns, via corresponding over-taxation for those that do make productive investments in New Zealand. There has been a lot of talk about how New Zealand investors lack the knowledge to make sound choices; investors have in fact made very sound investment choices funneling their money into the one sector where their gains are tax free.

Changes to encourage savings need to look at both the level of saving and the areas where these savings can be effectively invested. Simply setting a compulsory saving rate is only half a solution that will not see benefit flow through to the real economy.

Sales Improve

The latest New Zealand Manufacturers and Exporters Association (NZMEA) Survey of Business Conditions completed during August 2010, shows total sales in July 2010 increased 16% (export sales increased by 15% with domestic sales increasing 18%) on July 2009.

The NZMEA survey sample this month covered NZ\$348m in annualised sales, with an export content of 39%.

Net confidence rose to 30, up from the 0 result reported last month.

The current performance index (a combination of profitability and cash flow) is at 103.5, up from 99 in June, the change index (capacity utilisation, staff levels, orders and inventories) went down to 101 from 103 in the last survey, and the forecast index (investment, sales, profitability and staff) is at 105.5, down on June's result of 107. Anything less than 100 indicates a contraction.

Constraints reported were 75% markets and 10% capital and 20% skilled staff.

Staff numbers for July increased year on year by 7%.

"The combination of more substantial sales growth and a lift in confidence is encouraging," says NZMEA Chief Executive John Walley. "Earlier in the year we had a 'dead cat' bounce with confidence surveys predicting a strong recovery, but this set of statistics with sales and staff numbers increasing is far more convincing. Increases in export sales add substance to the recovery."

"The future expectations and index numbers confirm this upward trend."

"Markets have remained a major concern and this presents the biggest threat to the recovery. If the United States and Europe experience a double dip recession there is every reason to expect we will be dragged down with them. Some decent growth numbers in Asia will not be enough to sustain our export sector on their own. With a return to hiring in the manufacturing sector we are also starting to see some skill shortages in key areas."

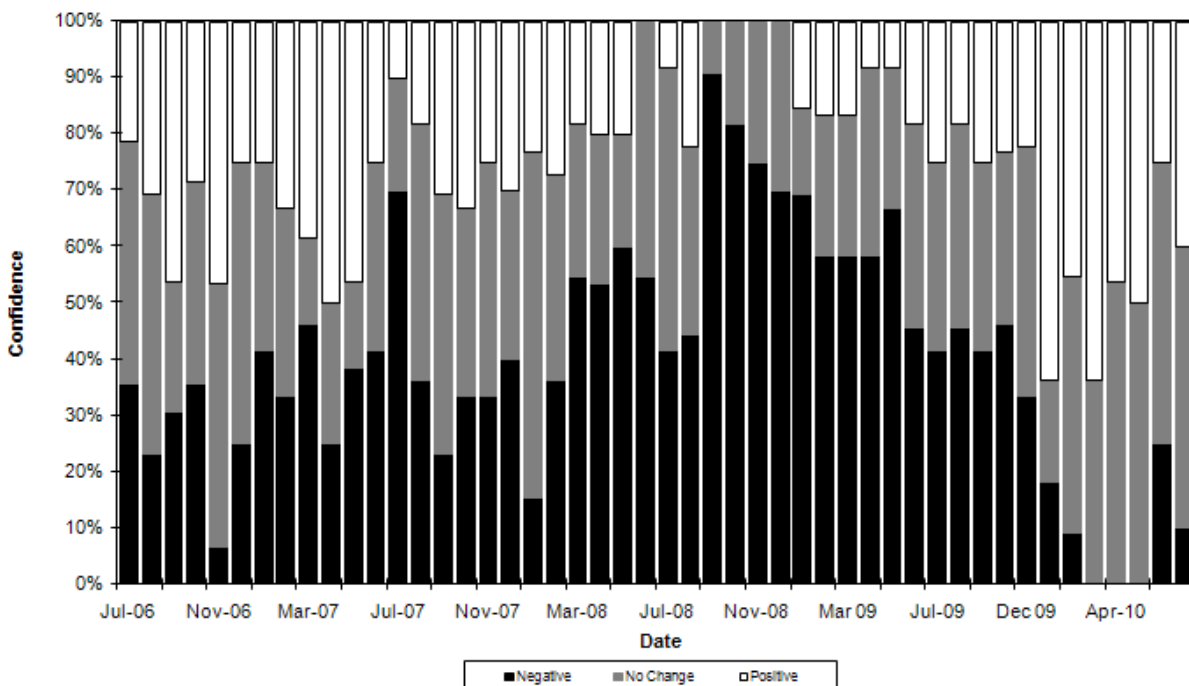
"A third Official Cash Rate rise in September has the potential to add to the damage done by the earlier increases and to further destabilise any recovery. The RBNZ tightened far too early and a pause has now been signalled, any failure to follow through will be costly."

"The work of the Savings Working Group should be positive for manufacturers as this represents a major source of our economic problems, but the restrictions imposed by the terms of reference will limit its effect. It is difficult to assess the savings problem without looking at tax issues which determine where savings are likely to be invested and superannuation entitlements which determine how and when savings will be spent. There is little point setting up these working groups if they are not allowed to conduct a full analysis of the issues and if findings are largely ignored as they have been with earlier working group reports."

"If we save more but returns on domestic investment are poor due to fiscal policy distortions, then higher savings would rightly be invested offshore. Such an outcome would do little for domestic growth and jobs. We need complete answers if progress is to be made."

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



The Elephant in the Room - Non Performing Employees

Demystifying the legal requirements around the disciplinary process and dismissal for non performance.

For many companies 'poor performance' is the elephant in the room. It's an obvious problem that no one wants to discuss and it therefore goes unaddressed. It is a common issue for many employers and has far reaching ramifications for businesses. It impacts on productivity and culture.

Unfortunately there are no silver bullets or watertight solutions. Dealing with the problem can be difficult and protracted. It can also consume a large amount of time, money and energy, but so can not dealing with it. Due to the ramifications for businesses, it needs to be dealt with effectively and efficiently following a fair process.

What is poor performance?

The difficulty in defining the 'poor performance' in question is often an initial stumbling block. This is where having the right human resource policies and processes in place is crucial. It is important that staff understand what is expected of them and the consequences. Poor performance could include:

- Incompetence.
- Not possessing the necessary skills for the job.
- An inability or unwillingness to perform the job to the required standard.
- Failing to meet a reasonable standard of performance.

In order to be able to measure performance and assess whether an employee is not performing to the requisite standard, then expectations and consequences need to be clearly provided for in the employer's human resource policies and processes. This will include clearly communicated expectations in the employment agreement, position description, policies, performance agreements, KPIs and induction procedures.

The employer also needs to create accountability by monitoring performance on an ongoing basis, conducting periodic formal performance reviews, providing regular feedback and leading by example.

Before entering into a formal process:

- Identify the specific performance concerns.
- Ensure job description and expectations around performance are clear.
- Consider whether there could be other reasons for poor performance.
- In some circumstances it may be appropriate to have an initial 'low key' discussion with the employee.
- Ideally it should come as no surprise to the employee when they are entered into a formal process.

Even if performance deficiencies are established by the employer, dismissals can still be notoriously difficult for an employer. It is important that the employer does not underestimate the importance of the process. The employer must follow a fair and reasonable process. The leading case in this area has stated that, during the process, the following questions need to be addressed:

1. Did the employer in fact become dissatisfied with the employee's performance?
2. Did the employer inform the employee of the dissatisfaction and set out the expected standard?
3. Were the criticisms and future requirements objective and readily comprehensible by the employee?

4. Was reasonable time allowed for the attainment of the required standards?
5. After the above had been done, did the employer turn its mind fairly to the question whether the employee had achieved what was expected including:
 - Using an objective assessment of measurable targets.
 - Giving the employee an opportunity to answer the conclusions arising from the trial period.
 - Listening the employee's explanation with an open mind.
 - Considering the explanation and all favourable aspects of the employee's service record and any fault on the part of the employer in terms of poor training, management or promotion.
 - Exhausting all possible remedial steps such as training, counselling and redeployment.

Just as with other disciplinary matters, a fair process will involve the principles of natural justice which in practical terms will also include meeting with the employee, putting the allegations to them, giving them a chance to have representation, giving them a chance to respond and considering their response before making a final decision. Once the employer has completed the process, they are then in the situation of making a decision as to whether or not to dismiss the employee. The decision to dismiss or to issue a warning must be what a fair and reasonable employer would have done in the circumstances at the time of the dismissal or warning. This is an objective test and there are plans afoot by the Government to replace "would" with "could" and make it a subjective test.

Some of the issues that may arise during the process and which need to be fully considered include:

- What is a reasonable timeframe for improvement?
- Dealing with recent 'glowing' performance review.
- Disparity of treatment.

What often occurs when formal performance disciplinary procedures are instigated is that it may trigger a conversation regarding an agreed exit. This can occur at any time during the process. Matters that need to be considered in these circumstances include:

- Creating leverage for an agreed settlement.
- Implications of 'without prejudice' and 'off the record' discussions.
- Creating a full and final binding settlement.
- Issues of confidentiality.
- Issues regarding s123 payments for hurt and humiliation.

Unfortunately there is no simple solution to dealing with poor performing employees. It does pay to have the correct HR policies and processes in place in order to assist you in effectively managing a poor performing employee. It is prudent to deal with the 'elephant in the room' as soon as possible and to seek expert advice as early as possible in order to understand your legal obligations, and to mitigate any potential issues.

This article was provided by Brannigans Human Capital. If you require further information relating to this topic please contact us on email: mea@mea.org.nz or phone 0800 353 2540.

“*Scientia potestas est* - Knowledge is power” is a truism for all aspects of life.

Accessing knowledge and skills to support and drive the health and safety effort in a business is a challenge for many employers. That there is a perceived need for a specific health and safety coordination role in the management structure is evidenced by the average salary for such positions rising each year to now exceed \$74,000 [Safeguard Survey 2009]. While there are an increasing number of individuals acquiring experience and knowledge in the broad field of health and safety, according to recent surveys less than a third have formal qualifications. Their experience is often limited to narrow industry or workplace employment history. Dual roles of Human Resource/ Health and Safety responsibility are common and tend to focus on the administrative functions rather than the practical needs. Finding an individual with good skills and knowledge across the health and safety spectrum is difficult.

Effective health and safety management requires more than just an operating system of policies and procedures. There is an ongoing need for technical knowledge and practical experience in the successful recognition and management of workplace hazards. This is at the heart of every effective health and safety system. Whether there is a full-time health and safety advisor employed in the business, or the function is shared between managers supported by employee representatives or health and safety committees, the knowledge the business requires are invariably greater than the in-house resources can deliver.

Many businesses have already found the way to resolve this issue. That is by “**outsourcing**”. Outsourcing typically means contracting desired services from a third party.

Outsourcing typically involves the organisation contracting a health and safety organisations, safety advisor to manage the day to day safety activities of the organisation. These contracts can be as little as 2-4 hours a week/month depending on the size of the organisation and the risks to be managed. The average cost for outsourcing the health and safety function can be as little as \$100-\$200 dollars a week.

Trend of workplace fatalities by age groups

Age group	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Grand Total
14 and under	3	3	4	3	3	2	3	2	2		25
15-24	4	7	8	8	5	8	4	10	10	3	67
25-34	7	14	11	8	3	10	7	6	6	4	76
35-44	7	8	14	12	12	15	8	6	7	6	95
45-54	5	14	17	10	6	13	15	13	12	5	110
55-64	8	19	13	9	8	5	14	7	11	9	103
65 and over	5	8	7	7	5	6	3	8	6	3	58
Unknown	2			5	5	6	1	1	1	1	22
Total Fatalities	41	73	74	62	47	65	55	53	55	31	556

It is not possible to outsource all of the organisations health and safety responsibilities because they are entwined in legislation:

- The regulatory regime sets out broad principles of a person that controls a place of work.
- The accountability for ensuring compliance remains with the organisation that has the responsibility at law.
- The penalties for getting it wrong are severe and potentially destructive to the organisation:
 - ⇒ Low culpability: a fine up to \$50,000.
 - ⇒ Medium culpability: a fine between \$50,000 and \$100,000.
 - ⇒ High culpability: a fine between \$100,000 and \$175,000.
 - ⇒ Extremely high culpability: a fine exceeding \$175,000.
- Businesses can (and do) outsource the management of their health and safety functions to a third party specialist and have them advise management, audit, run committee meetings, lead hazard management, and investigate any accidents or incidents ensuring legislative compliance and best practice standards are being met.
- There are inexpensive online compliance software programmes such as “Mango” (www.mangolive.com) which are available to support the successful management of health and safety

Outsourcing can save you money, minimise the risk of a prosecution and access cost effective health, safety, and wellness solutions by:

- Minimising the likelihood of a workplace serious harm injury to a team member.
- Ensuring that the technical expertise is available when it is needed and idle capacity is eliminated.
- Reducing the time taken to document, implement and manage safety because of the technical ability of the advisor.
- Minimising overhead costs by not having the set-up costs and overheads associated with a full-time salaried position. The knowledge / skills required across the board are unlikely to be acquired at much below the average H&S Advisor salary of \$74k.
- Enabling access to a much wider and coherent range of health and safety knowledge and skills than can be found in individuals.
- Utilising an online compliance software programmes such as “Mango” because it supports the organisation and the health and safety specialist to monitor the organisations risks remotely and while on site.

This article was provided by Triex Health, Safety & Wellness. If you require further information relating to this topic please contact us on email: mea@mea.org.nz or phone 0800 353 2540.

Leaner Operations Mean Increased Capacity Utilisation in Manufacturing

The recession may not be over, but New Zealand Manufacturing companies report sustained elevation in capacity utilisation at 91%, up from 86% (October 2009) – the largest quarterly increase since data measures began in 1961.

Maintaining this increase in capacity utilisation, according to the July Quarterly Survey of Business Opinion from the New Zealand Institute of Economic Research (NZIER), shows that firms are continuing to run leaner operations – and that when demand picks up, they are likely to need to increase selling prices as they increase capacity.

Running a lean business means continually focusing on removing every form of waste.

“It’s not just about reducing rubbish or scrap,” says Competenz Industry Leadership and Development Manager, Andrew Brownlee.

Reducing rubbish and waste is what constitutes Competitive Manufacturing (CM). Brownlee explains the process; “CM encompasses continuous improvement across all areas of business – processes, products, services and people. By training people in CM best practices, you give them the tools and skill sets to adopt and implement Competitive Manufacturing.”

Competitive Manufacturing is a business philosophy which empowers employees to play an integral part in the change process. Training people is essential to sustain efficiency and increase productivity.

There are four steps to the Competitive Manufacturing process, which include:

1. identifying business improvement opportunities;
2. implementing performance efficiency improvements;
3. equipping the business for long-term, sustainable competitive advantage, and;
4. reviewing progress and measuring improvements.

Feedback from Competenz customers who have committed to and implemented the CM process indicate they have experienced noticeable changes and significant improvements throughout their business – even within six to ten months of training.

The only prerequisite for success is that the entire organisation embraces the CM process – from owners and senior executives to operations staff.

“Engagement and commitment from all levels of an organisation is critical,” says Brownlee. “Top down change is essential, just as bottom-up change is essential. There’s no improvement without improvement on the factory floor. If you want your employees to be proactive in identifying improvement initiatives, you need to implement the good ones.”

Whether you are an owner, leader or senior manager you can use Lean Manufacturing and High Performance Team concepts to drive cultural change and achieve business improvements in line with your business strategy.

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

New National Certificate to Boost Foundation Skills for the Manufacturing Sector

A new national certificate - The National Certificate in Manufacturing (Core Skills) (Level 2) - is now registered on NZQA’s National Qualifications Framework after months of industry consultation and development.

This entry-level qualification is designed to meet the skills training needs of those employed within the wider manufacturing sector.

The qualification was developed after in-depth industry stakeholder consultation, and consultation with other industry training organisations; particularly the Boating Industry Training Organisation (ITO), the Forestry Industry Training and Education Council, the New Zealand Motor Industry Training Organisation, and the Plastics and Materials Processing ITO.

“We took the proposed qualification to relevant customers nationwide, and the feedback we received was very positive,” says Competenz Industry Leadership Manager, Andrew Brownlee.

“As a result the qualification has been successfully developed and registered with NZQA relatively quickly.”

The qualification covers core manufacturing skills and basic workplace health and safety, along with carefully selected sets of elective unit standards to accommodate the wide range of skills specific to many different sectors of the wider manufacturing industry.

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

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.

Disciplinary Action Process

Thursday 9 September, 7:30am, Christchurch

The objective of the Forum is to provide employers with clear guidelines on their legal obligations when taking disciplinary action for non-performance and will demystify the process by providing practical tips and solutions concerning common issues that arise during the process.

Who should attend? HR Managers and Senior Executives who manage employees.

Facilitator: **Madeleine Hawkesby**, LL.B., B.A, Employment Law Consultant at Brannigans. Madeleine heads the employment law team and specialises in providing employment law and employment relations advice to employers and has over 10 years experience in employment law and HR.

Websites, Google and Social Media: The Internet in Your Organisations Marketing Mix

Wednesday 22 September, 7:30am, Christchurch

The internet forms a component of most organisations marketing mix, ranging from a simple information website through to a comprehensive sales channel or even full software applications. Understanding how to determine what level of internet activity is appropriate for your organisation is critical to ensure that you do not miss opportunities through under budgeting, or waste money purchasing a solution beyond the needs of your business.

The purpose of this Forum will be to cover the main areas where the Internet can assist in marketing your business, and to give some guidance as to whether you really need to worry about some or all of these elements.

Who should attend? Any organisational owners, managers, marketing managers who see the internet as a core component of their marketing strategy. Or anyone who feels somewhat in the 'dark' about recent developments in the areas of social media and search engine marketing.

Facilitators: **Dr. Matthew Walley** offers a unique set of practical and academic skills in the areas of online marketing. He holds a B.Com (Hons) and a M.Com (Hons) with majors in marketing, psychology and organisational behaviour, his PhD was in the area of decision-making psychology in New Zealand SME's. **Richard Berridge** has a unique set of skills in respect to technical aspect of social media and its applications in a commercial and web based environment. He holds a B.Com (Hons) with a major in operations management.

Lean Thinking: Thoughtware not Software

Thursday 7 October, 4:00pm, Auckland

This Forum will discuss how uncertainty and variation can impact plans. The discussion will be followed by a dice game that illustrates how variability impacts on businesses.

This session and game will help businesses who have embarked on improvement only to find that wins are hard to bank. It will help you understand uncertainty, its impact and how to find a solution.

Who should attend? Business Managers, CEO's, Operations Managers and those involved in production planning.

Facilitator: **Peter Thorby**, an Associate of *Viago® Ltd*, a company specialising in "bringing chaos to calm" in businesses and who also takes a special interest in TOC/Lean initiatives.



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Workshops/Programmes

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Sensible Performance and Discipline Management

Tuesday 5 October, Auckland, 9:00am - 12:30pm, Auckland

This seminar is specifically designed to build the confidence of first line managers and supervisors to deal with performance related issues as they happen and not delay action until a formal performance appraisal or personal grievance hearing. It contests many current practices in employment relations while giving managers simple techniques to ensure improving workplace relations.

Who should attend: Anyone already or soon to be in a supervisory or team leader and management role.

Registrations close on Thursday 19 August.

Certified in Production & Inventory Management (CPIM): Basics of Supply Chain Management (BSCM)

The 1st CPIM Module for Supply Chain Professionals

Starts Thursday 23 September, Christchurch, 5 half days

This module explores the basic concepts in managing the flow of materials in a supply chain. In the BSCM, you will gain a complete overview of material flow, and an understanding of internal and external suppliers to and from your organisation.

Who should attend: Supply chain professionals wanting the CPIM qualification, master planners and schedulers, operations managers and all other employees including managers and supervisors requiring an understanding of supply chains and their role in them.

Registrations close on Thursday 16 September.

Certified in Production & Inventory Management (CPIM): Master Planning of Resources (MPR)

The 2nd CPIM Module for Supply Chain Professionals

Starts Thursday 16 September, Christchurch, 5 half days

This module explores the processes used to develop sales and operations plans and identify and assess internal and external demands and forecasting requirements. The course focuses on the importance of producing achievable master schedules that are consistent with business policies, objectives, and resource constraints.

Who should attend: Supply chain professionals wanting to complete their CPIM qualification, master planners and schedulers, operations managers, sales and marketing managers, because of the depth on demand planning demand managers.

Registrations close on Thursday 9 September.

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The New Business Landscape of a Low Carbon Economy

The transition to a low-carbon economy has begun. The threat of climate change is now widely acknowledged by governments and business. Strategies to manage the transition from a carbon intensive economy to a low carbon economy are being developed and implemented. These changes, including market based mechanisms, are designed to provide price signals to incentivise new behaviours and encourage the adoption and consumption of low carbon alternatives. In New Zealand, the Government has introduced an Emissions Trading Scheme (ETS) as the key market based solution to drive this change and reduce New Zealand's greenhouse gas (GHG) emissions. Through this ETS there will be a future carbon cost on business. Accordingly, the business landscape is being transformed and new risks and opportunities are emerging which business leaders need to understand and respond to.

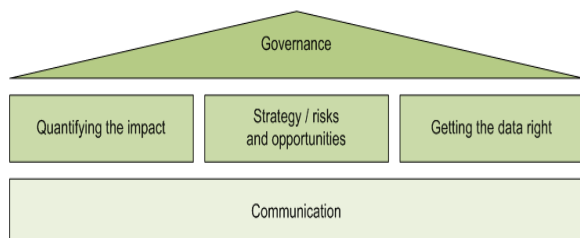
What can business leaders do?

As a business leader you need to understand the issues and modify your organisation to incorporate the impacts of transitioning to a low carbon economy.

The diagram below sets out the key business areas which should be focused on by business leaders when considering the impacts of emerging climate change policy and legislation across their organisation.

Governance

An effective governance framework is central to an organisation's capacity to operate in the changing world. The directors and senior management must provide effective leadership to ensure that the organisation's strategy drives sustainable performance and mitigates risks related to carbon exposures whilst evaluating and maximising potential opportunities.



Quantifying the impacts

The transition to a low carbon economy presents an opportunity for organisations to unlock shareholder value. But what is that opportunity and how do you quantify it accurately? 'Business as usual' is no longer an option and business leaders need to act to ensure the net impact of the transition will create value for the organisation. The key factors to consider in quantifying these impacts:

- Ensuring that the data on which decisions are made is complete, accurate and timely.
- Understand the implications of cost pass through onto your business from suppliers and then through to your customers.
- Understand and maximise the government assistance available for organisations transitioning to the low carbon economy.
- Develop strategies for minimising the risks and maximising the returns of carbon trading.

- Understand the opportunities for internal abatement by the reduction of GHG emissions through internal investment.
- Appropriately assess the financial impacts of a cost on carbon through a flexible, quality assured model.
- Understand the accounting implications of the relevant strategic opportunities, and ensure that this is realistic in terms of future cash flows and other activities.

By understanding the factors mentioned above an organisation has the opportunity to continue to drive increased shareholder value through careful management of the additional carbon cost pressures provided from the ETS.

Strategy risks and opportunities

Organisations will need to reassess their existing strategies through a carbon lens. The modifications will need to incorporate the impact from the changes to the economy such as the demand for existing products and services once there is a carbon price. For some organisations this may mean that certain products may no longer be profitable and other products may achieve significant increases in revenue through higher demand.

In order to understand the impacts on strategy an organisation must understand its risks and opportunities and prioritise them. Climate change is a highly complex and multi-faceted issue. It is important for business leaders to have an appreciation of this multi-faceted environment of risks and opportunities.

Getting the data right

Complete, accurate and timely data is the cornerstone of effective business decision making. Without data that can be relied upon, organisations may miss potential risks or opportunities. Alternatively, organisations may incorrectly assess their risks and opportunities, which may result in significant risk exposures and lost opportunities, resulting in a reduction of shareholder value.

Communication

Effective internal communication can assist in maximising carbon and climate change opportunities and minimising the risks. Communicating the business implication of the ETS is critical to ensuring that the business implications are understood by the board, management and employees. It will be employees who will identify and realise the potential opportunities and also mitigate any exposures.

External stakeholders are also continuing to request information on the impact of climate change, the cost of carbon and the ETS on the business with its current strategy and expectations. The way in which an organisation incorporates this into the broader external communications strategy is critical. Inconsistent information, errors, and poorly considered responses to carbon risk, will discredit the data, and may result in reputational damage.

This article was provided by PriceWaterhouse Coopers. If you require further information relating to this topic please email: mea@mea.org.nz or phone 0800 353 2540.

At a Leadership forum hosted by the Organisation Development Institute in Christchurch in early July a number of guest speakers spoke about the issues and concerns faced by New Zealand and the international community. The global recession and subsequent weak recovery have caused many to reflect on the style of leadership that is needed to navigate us through the 21st Century.

Alan Johnson, Salvation Army policy analyst, identified the increasing elderly population in New Zealand and the reducing younger cohorts over the next 25 years as a significant social issue. Growth in NZ Superannuation, healthcare and other costs for the elderly imposes the need for more tax and more taxpayers. For many elderly, New Zealand Superannuation is the sole income source; reductions in future availability of this benefit may lead to increased poverty among the elderly. Children in low income households now are disadvantaged in their education and, consequently, will be in their work. Unless addressed now, this inequality amongst children will make supporting our elderly even more difficult.

Dr Lin Roberts, environmental scientist, contrasted the linear business processes that transform deeply stored carbon and other minerals into waste at the earth's surface, with the cyclical nature of the earth's physical and biological processes. Availability of fossil fuels over the last 200 years has enabled exponential population growth and increased demands on nature that may be beyond her ability to absorb. She noted that when populations of any species grow beyond the carrying capacity of their environment, nature finds a way to reduce that population.

John Walley, Manufacturers and Exporters Association, spoke about the centrality of export to our national wellbeing and of how our current policy settings are unsupportive of that key sector. He argued for fiscal policies that provided exchange rate stability and monetary policies that increased investment in export industries, higher paid jobs and savings.

Dr Neville Bennett, NBR columnist, profiled the leadership approach at Mitsui because it has successfully withstood and capitalised on change and uncertainty for more than 400 years. He talked about that organisation's vision that encompasses learning from past experiences, evolution with changing times, recognition of paradigm shifts and development of people as the organisation's core. This vision informs leadership practices and management processes that see Mitsui survive and thrive.

A key theme of the forum discussions, was the need for enhanced leadership at all levels to manage the inter-related economic, social and environmental issues that we face as a nation; individual and community leadership, business and organisation leadership, local and central government leadership. It was felt that there was a great need for people across the board to step up to the challenges that we face and to personally contribute to resolving them.

In addressing the type of leadership needed to take us forward Dr Peter Cammock, leadership academic and consultant, talked about the new leadership paradigm that has arisen in response to the failures in leadership that led to the recession. This new leadership paradigm is grounded on a whole systems perspective, flow, creativity and innovation, passion and purpose, and positive leadership.

The positive leadership model indicates that achievement at the organisation level is derived from positive physiology, thinking and emotions amongst the organisation's people, working in alignment with the vision and strategies of the organisation. The sense of this is that leadership and performance at the national, regional, organisation and business level is based on the 'wholeness' of the individuals who exercise leadership in those domains.

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

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Trial Periods – Issues to Watch

In last month's edition we looked at some of the Government's proposed changes to our employment laws.

One of the proposals that has attracted a lot of publicity is an extension of the 90 day trial period legislation to all employers. Under sections 67A and 67B of the Employment Rights Act 2000 an employee may be dismissed during the trial period without being entitled to bring a personal grievance or other legal proceedings in respect of the dismissal.

At the moment, only employers with 19 or fewer employees at the date the employment agreement is entered into may take advantage of the law. Even if fewer than 20 employees work in the same location, if the same legal entity employs 20 or more employees in New Zealand altogether, it cannot take advantage of the law.

Conversely, the requirement would be satisfied if more than 19 employees all worked together in the same workplace provided that not more than 19 of the employees were employed by the same legal entity. If the employer grows to 20 or more employees after the 19th employee agrees to be bound by a trial period, that employee may still be dismissed without being entitled to bring any claim.

However, the right only applies to eligible employers if the employee has agreed to the trial period and the right is recorded in the employment agreement. (Signature of the employment agreement is not strictly necessary to enable the employer to rely on the clause, although the employee's freely given signature removes all doubt that the clause is binding).

Of course, an employee could refuse to enter into the agreement unless the clause were removed. The employer would then have a simple choice – either concede and remove the clause, or insist it stays, which may mean it has to withdraw the offer and employ someone else. The employer's decision would depend largely on how easy it would be to recruit another suitable candidate.

There is no problem in employing some employees on agreements with these clauses and others on agreements without them, so long as the difference is not based on discriminatory grounds (such as race, sex or disability).

To take advantage of a valid trial period clause the employer has to give notice of termination before the expiry of the selected trial period (which must not be more than 90 days, although it could be a shorter period). However, it is fine for the notice to expire after the trial period.

Employers are not immune from personal grievances and claims during the trial period however, and employees may complain about discrimination or disadvantage during the period. The only thing the employee cannot do is claim in respect of the dismissal itself. That means that, if the dismissal is conducted in a discriminatory manner, say, the employee may be able to recover damages for humiliation, loss of dignity, and injury to feelings in respect of the manner in which he was dismissed.

In relying on a valid trial period, the employer does not have to provide to the affected employees access to information about the decision or an opportunity to comment on the information before the decision is made. Nor does the employer have to provide a statement in writing of the reasons for the dismissal, even if asked.

If the Government's proposal to extend the trial period to all employers takes effect, it is highly likely that all other rights and obligations of the current laws will remain in place.

Finally, a trial period under sections 67A and 67B is not the same as a probationary period. Whilst a probationary period may be imposed by an employer of any size already, and can be of any length, the employer is not immune from any claims in respect of the dismissal. The main reason to have a probationary period, therefore, is to impose a shorter notice period for termination during the probation.

This article was provided by Goodman Tavendale Reid Law. If you require further information relating to this topic please contact us on email: mea@mea.org.nz or phone 0800 353 2540.

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what's on

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4 Programme: CPIM Execution and Control of Operations (Christchurch)	5 Workshop: Sensible Performance and Discipline Management (Auckland)	6	7 Programme: First Line Management (Christchurch) Forum: Lean Thinking (Auckland) Programme: CPIM Basics of Supply Chain Management (Christchurch)	8 Programme: First Line Management (Christchurch)
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