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MEActive - September 2010

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

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

CEO Comment: Free but not Effective

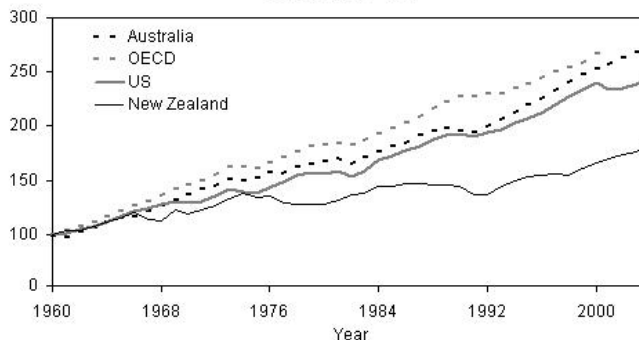
The 2010 Annual Report on Economic Freedom of the World produced by the Fraser Institute in Canada has ranked New Zealand at number three in the world. This ranks behind only Hong Kong and Singapore. However, New Zealand's ranking slipped from 20 to 23 in the Global Competitiveness Index this year. Despite high levels of economic freedom New Zealand has consistently fallen down economic wealth tables over the past 20 years and now stands at 28th in the world on GDP purchasing power parity according to the World Bank, consistently dropping as time progresses.

The Business Roundtable has claimed that research shows that individuals living in countries with high levels of economic freedom enjoy higher levels of prosperity, greater individual freedoms, and longer life spans.

"Commitment to economic freedom is a common theme among the world's most prosperous nations. While residents of these countries enjoy the highest standards of living and the most personal freedoms, people in countries at the bottom of the rankings are typically impoverished and subject to oppressive governments that recognise few - if any - individual rights or freedoms," said Roger Kerr, Business Roundtable Executive Director.

This may be correct from an ideological perspective, but for New Zealand there is little evidence that this is the case in hard economic terms. Living standards have not tracked the OECD average and our economy has not responded to increasing freedoms and open borders; in fact, our performance has fallen and we have slipped well down the international GDP rankings, a slide that has shown no sign of stopping.

Figure 1 Real GDP per capita - Country Comparison
Index 1960 = 100



Source: OECD

While openness to trade is very important, leaving a small country completely exposed to international financial markets can have perverse effects on the economic fundamentals of the real economy.

In New Zealand's case there are two major factors impacting our international competitiveness. Interest rate differentials with Europe and the United States drive foreign capital into New Zealand causing our exchange rate to rise and reducing the competitiveness of our exporters. This is largely caused by monetary policy which targets only inflation without any consideration for economic growth. To make the problem worse, an absence of any taxation on assets means that this capital flows into land and buildings speculation rather than into productive activity.

The fact is countries around the world have thrown away any semblance of international 'best practice' in response to the economic crisis and really only paid lip service to these principles in any case. Quantitative easing and many different methods of government stimulus have been used as governments have opted for a more pragmatic approach.

Even the International Monetary Fund (IMF), which has traditionally been a bastion of economic openness, recognised that the standard prescription was inadequate for small economies. An IMF report released in February stating that for small economies "strict inflation targeting is not optimal, and the consequences of adverse exchange rate movements have to be taken into account."

The IMF's report essentially recommended pragmatism in managing inflation. New Zealand needs to listen to this advice.

MEAlert

Submission: Workplace Exposure Standard - Soft Wood Dust

The Department of Labour has released their Consideration Paper on proposed changes to the Workplace Exposure Standard for softwood dust. [Click here to view.](#)

The proposal is to reduce the eight-hour WES-TWA from 5mg/m³ to 1mg/m³ for softwood dust. The impact this change has to those using soft wood and hard wood will be significant.

The NZMEA welcomes comments from manufacturers and close off for inclusion in the Association's submission.

Update: Workplace Exposure Standards – Benzene and Lead

The Department of Labour's Workplace Exposure Standards publication has been revised. [Click here to view.](#) About 650 substances have been removed from this edition as they are not approved under the HSNO Act. Substances that are covered by other legislation or fall outside of the HSNO Act have been left in. Exposure Standards for two hazardous substances have been amended: the Workplace Exposure Standard for Benzene; and the blood suspension level for Lead.

Post Earthquake

Papers prepared by the NZMEA in conjunction with Associate Members as well as contributions by our Members.

- [Post Earthquake - Employers Obligations.](#)
- [Responses by Members on Support for Staff.](#)
- [Business Interruption Policies - What Is and Isn't Covered.](#)

Media Coverage

Where the NZMEA was reported during August.

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| 5 August | Scoop.co.nz | Same Old Problems Dent Recovery. <i>Internet.</i> |
| 6 August | CTV | Comments on Slow Recovery. <i>TV.</i> |
| 12 August | Radio NZ | Comments on the PMI Survey. <i>Radio.</i> |
| 12 August | Engineering News | Monetary Policy Debate Starts to Stir. <i>Magazine.</i> |
| 26 August | NZ Manufacturer | Systematic Innovation – New Zealand's Missing Link. <i>Magazine.</i> |
| 30 August | Engineering News | Compulsory Superannuation is a Must. <i>Magazine.</i> |

Media Releases

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

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| 5 August | Same Old Problems Dent Recovery. |
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Upcoming Events

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

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| 30 September | Forum: Managing Foreign Exchange Rates - Christchurch. |
| 4 October | Programme: CPIM - Execution and Control of Operations (ECO) - Christchurch. |
| 5 October | Workshop: Sensible Performance and Discipline Management - Auckland. |
| 7 October | Forum: Lean Thinking - Auckland. |
| 12 October | Forum: Prevent Manual Handling Injury - Christchurch. |
| 14 October | Workshop: Effective Communication in the Workplace - Christchurch. |
| 19 October | Forum: Lean Thinking - Christchurch. |
| 20 October | Forum: Preparing Your Business for Sale or Retirement - Christchurch. |