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## MEActive - April 2011

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](#) - Information you need to know.
- [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: Differentiated Products, Not Commodities, the Path to Export Success

High commodity prices are seen to justify rises in the New Zealand dollar. The Reserve Bank Governor, Dr Alan Bollard, noted in a speech recently that agricultural export prices are likely to remain strong for some time and the Bank expected these higher terms of trade to be reflected in the exchange rate.

However, the high commodity prices that help some sections of the economy will do little to generally to promote a turnaround towards an export led economy. Those exporting into the United States and Europe are struggling with lower returns from the high currency and comments from our Reserve Bank indicating comfort with ever higher exchange rates push those rates even higher.

### Exports by Level of Processing 2010 (NZD)

Primary Products - Unprocessed	Primary Products - Processed	Manufactures - Simply Transformed	Manufactures - Elaborately Transformed	Miscellaneous, Unclassified and Confidential Trade
\$14.1 billion	\$15.9 billion	\$4.1 billion	\$7.2 billion	\$2.2 billion

As the table shows, most of New Zealand's exports are not the unprocessed commodities that might fundamentally justify higher exchange rates. Export growth in the processed primary and manufacturing sectors require investment in product development, new plant and equipment to improve capacity. A high and volatile currency will increase the uncertainty of return, pushing back against export focused investment.

Sector	GDP(m)	Employment	GDP per Worker (\$)
Tourism	6,500	182,400	35,636
Manufacturing	16,466	248,600	66,235
Agriculture, Forestry, Fishing and Mining	10,055	157,100	64,004
Others	99,646	1,582,500	62,967

This table shows that sectors outside the soft commodities are again more important in terms of GDP, employment and as a sound foundation for the service sector.

The Government has largely washed its hands of this issue. Finance Minister Bill English said in response to the latest rise of the dollar that a high New Zealand dollar had been a headwind for the economic recovery "right from the start".

"And that's been driven to a large extent by policy in the US, the UK and Europe," he said.

"We've been fortunate to have at the same time, and related to the high currency, very high commodity prices, which are higher than they've ever been. So we can see the export sector is making progress, it's going to become profitable as it gets its debt levels right," English said.

The fact is that anyone succeeding with the high dollar is succeeding despite the Government and the Reserve Bank policy framework. Most countries have taken steps to prevent significant currency fluctuations whether through quantitative easing in the United States and the United Kingdom, capital flow restrictions in Canada and Brazil or direct currency management in China and Singapore.

There are always going to be bright sides, and right now they are commodity prices and a favourable exchange rate with Australia, but macroeconomic policy changes are needed to promote growth across all export industries if we are to see a low stress balancing of the current account.

### MEAlert

Changes to the Holidays Act 2003 came into force on 1 April 2011 - this may impact on how you manage public holidays. For further information go to [www.dol.govt.nz](http://www.dol.govt.nz).

With ANZAC day falling on Easter Monday you may be fielding a few enquiries about your obligations. Please note that the new [Average Daily Pay \(ADP\)](#) calculation may apply in some instances including Easter Sunday.

### Easter and ANZAC Day Public Holidays 2011

This year Easter Monday and ANZAC Day fall on the same day. The public holidays over the Easter period are Good Friday (22 April) and Easter Monday (25 April). This year Easter Monday also falls on ANZAC Day. Under the Holidays Act 2003 where two public holidays fall on the

same day they are treated as one public holiday.

The [Holidays and Leave Tool](#) provides guidance on whether an employee is entitled to a paid day off on a public holiday and what an employee should be paid for their day off or for working on the public holiday.

Because Easter Sunday is not a public holiday and is also a restricted shopping day it is important to consider what arrangements can be made with staff who normally work on a Sunday. Find out more about [employee entitlements for Easter Sunday](#).

#### Scholarships to study at world-class business schools

The Government is giving kiwi managers and executives a chance to win a scholarship to study at the world's best business schools. The 2011 Prime Minister's Business Scholarships programme is designed to help kiwis build business capability and develop management skills. What are we looking for? In a nutshell, we're looking for the brightest and the best who we know can make a positive contribution to New Zealand's economy.

Alongside having extraordinary potential, all applicants must be New Zealand citizens or permanent residents, work in a firm that has a focus on internationalisation, be committed to returning to their firm after the course, and apply to internationally-recognised, world-class institutions for a relevant course. Applications close on 7 June 2011. The [Prime Minister's media release](#) provides more information on the programme, or [apply here](#).

#### Media Coverage

Where the NZMEA was reported during March.

<a href="#">1 March</a>	Radio NZ	Cordon Frustrates Some Businesses. <i>Radio.</i>
<a href="#">2 March</a>	TV One	Exporters Struggling in Christchurch. <i>TV.</i>
<a href="#">2 March</a>	NZ Herald	Christchurch Earthquake: Owners May Soon Return to Cordoned Off Businesses. <i>Newspaper.</i>
<a href="#">3 March</a>	The Press	Export Orders Under Threat After Christchurch Earthquake. <i>Newspaper.</i>
<a href="#">9 March</a>	NZ Herald	Ashburton May Attract Quake-Hit Firms. <i>Newspaper.</i>
<a href="#">10 March</a>	Scoop.co.nz	Earthquake Memorial: Yes, But Not Yet. <i>Internet.</i>
<a href="#">11 March</a>	NZ Herald	Christchurch Earthquake: Huge Rent Rises May Force Government to Step In. <i>Newspaper.</i>
<a href="#">11 March</a>	Dominion Post	Christchurch Earthquake Holiday Rushed Through House. <i>Newspaper.</i>
<a href="#">11 March</a>	Yahooxtra	Parliament Passes Quake Holiday Bill. <i>Internet.</i>
<a href="#">11 March</a>	TVNZ.co.nz	Criticism Over Timing of Quake Holiday. <i>Internet.</i>
<a href="#">11 March</a>	Newstalk ZB	Prime Minister Says Memorial Day Worth Investing In. <i>Radio.</i>
<a href="#">11 March</a>	MSN.co.nz	Is the Memorial Day for Earthquake Victims Being Held Too Soon?. <i>Internet.</i>
<a href="#">11 March</a>	TV One	Key Stands by Memorial Service Timing. <i>TV.</i>
<a href="#">11 March</a>	Newstalk ZB	Legislation Passed For Public Holiday. <i>Radio.</i>
<a href="#">12 March</a>	Southland Times	Editorial: A Good Friday. <i>Newspaper.</i>
24 March	Port Strategy News	Lyttleton Back in Business. <i>Internet.</i>
<a href="#">29 March</a>	Newstalk ZB	Government "Got Balance Right" With Quake Packages. <i>Radio.</i>

#### Media Releases

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

<a href="#">11 March</a>	Earthquake Memorial: Yes, But Not Yet.
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#### Upcoming Events

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

<a href="#">26 April</a>	Forum: Building a Rapid and Effective Decision Making Process - Christchurch.
<a href="#">4 May</a>	Workshop: Develop Quick Changeover Procedures in a Competitive Manufacturing Organisation - Auckland.
<a href="#">4 May</a>	Workshop: Optimise Cost of a Product in a Competitive Manufacturing Organisation - Christchurch.
<a href="#">10 May</a>	Workshop: Key Account Selling/Strategic Development - Christchurch.
<a href="#">12 May</a>	Forum: Intellectual Property Perspectives - Auckland.
<a href="#">Starts 19 May</a>	Programme: CPIM - Execution and Control of Operations - Christchurch.
<a href="#">Starts 25 May</a>	Programme: CPIM - Master Planning of Resources - Christchurch.
<a href="#">30 May</a>	2011 Presidents Cocktail Function - Auckland

**Please note:** To assist our Christchurch members during this difficult time Forums will be free to attend for the rest of April and May 2011.

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

