

## Another Report Highlights Government Policy Errors

By John Walley

The Organisation for Economic Cooperation and Development's (OECD) Economic Survey on New Zealand presented a raft of problems in New Zealand's policy framework. Unsustainable debt levels, a tax system that favours property over business investment and a persistently high currency were some of the same problems as mentioned by the International Monetary Fund and most other credible commentators. The OECD's recommendations that New Zealand raise the retirement age and tax capital gains have again been rejected by the Government.

One line stood above the rest in describing the magnitude of the policy problem:

*"The recovery stalled in 2010, despite record terms of trade."*

2010 and the beginning of 2011 should have been a time when an export led economy thrived on record prices bringing the economy strongly out of the recession.

Instead an overvalued exchange rate meant that any gains made by commodity exporters were taken away from the rest of the export community and continued tax advantages for property investments meant that those who were cashing in were forced to address household debt levels rather than investing in the future.

This table shows how New Zealand's mounting foreign debt has largely gone into agriculture and housing bubbles and the impact on productive investment. It is clear that our policy framework is badly misdirecting our economy.

The OECD also addressed this issue: *"Persistent saving-investment imbalances appear to reflect primarily national saving that has been well below OECD averages. At the same time New Zealand has long had to pay comparatively high real interest rates, which have driven up the cost of capital and deterred business investment. To the extent that such high interest rates reflect domestic demand pressures, rather than a risk premium, they may also contribute to a persistent overvaluation of the exchange rate, resulting in the decline in the share of domestic output for tradable goods and services experienced since the mid-2000s."*

Using land and houses as savings vehicles has not only caused private debt problems, but has also hit business investment directly by limiting capital available and indirectly through the uncertain returns on that investment caused by unpredictable exchange rates.

The balance needs to be decisively and deliberately moved towards investment in the tradeable sector and away from unproductive investment in land and buildings.

### May 2011

Commentary	1
Survey Release	2
In Times of Uncertainty Get Back to Basics	3
Commercial Leases and the Christchurch Earthquake	4
Everything Changes But You	5
Forums & Workshops	6
Workshops & Programmes	7
Earthquake Recovery Act 2011	8,9
International and Local Machinery and Supply Companies Support Christchurch Trade Show	10
MEAssist	11
What's On	12

This means policy aimed at reducing medium-term fluctuations in the exchange rate and a capital gains and or land tax; Government inaction will lead to further economic degradation.



(\$b)	NZ overseas debt	Agriculture Debt	Household debt	Housing value	NZX value	Managed funds
Dec 1995	75	9	45	183	49	34
Dec 2000	127	13	73	232	42	50
Dec 2001	135	15	78	246	43	49
Dec 2002	144	18	86	282	41	44
Dec 2003	146	21	99	370	50	47
Dec 2004	163	23	114	429	61	54
Dec 2005	170	27	132	506	60	57
Dec 2006	192	31	149	559	64	64
Dec 2007	217	36	168	614	62	65
Dec 2008	251	44	175	568	41	56
Dec 2009	241	47	180	606	49	62
Sep 2010	253	48	183	599	53	64
<b>Change 1995-2010</b>	<b>237%</b>	<b>431%</b>	<b>307%</b>	<b>227%</b>	<b>8%</b>	<b>88%</b>

Source NZ Herald and RBNZ



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## Moving Towards Normal But Domestic Sales Low

The latest New Zealand Manufacturers and Exporters Association (NZMEA) Survey of Business Conditions completed during April 2011, shows total sales in March 2011 decreased 7% (export sales decreased by 2% with domestic sales decreasing 11%) on March 2010.

The NZMEA survey sample this month covered NZ\$582m in annualised sales, with an export content of 49%.

Net confidence rose to -10, up from the -13 result reported last month.

The current performance index (a combination of profitability and cash flow) is at 100.5, up from 97.5 in February, the change index (capacity utilisation, staff levels, orders and inventories) went up to 102 from 101 in the last survey, and the forecast index (investment, sales, profitability and staff) is at 103.25, up on February's result of 101.25. Anything less than 100 indicates a contraction.

Constraints reported were 70% markets and 30% production capacity.

Staff numbers increased slightly for March, year on year.

"Sales levels have got back to some semblance of normality post the earthquake with export sales in particular recovering. Some disruption has persisted in the domestic market," says NZMEA Chief Executive John Walley.

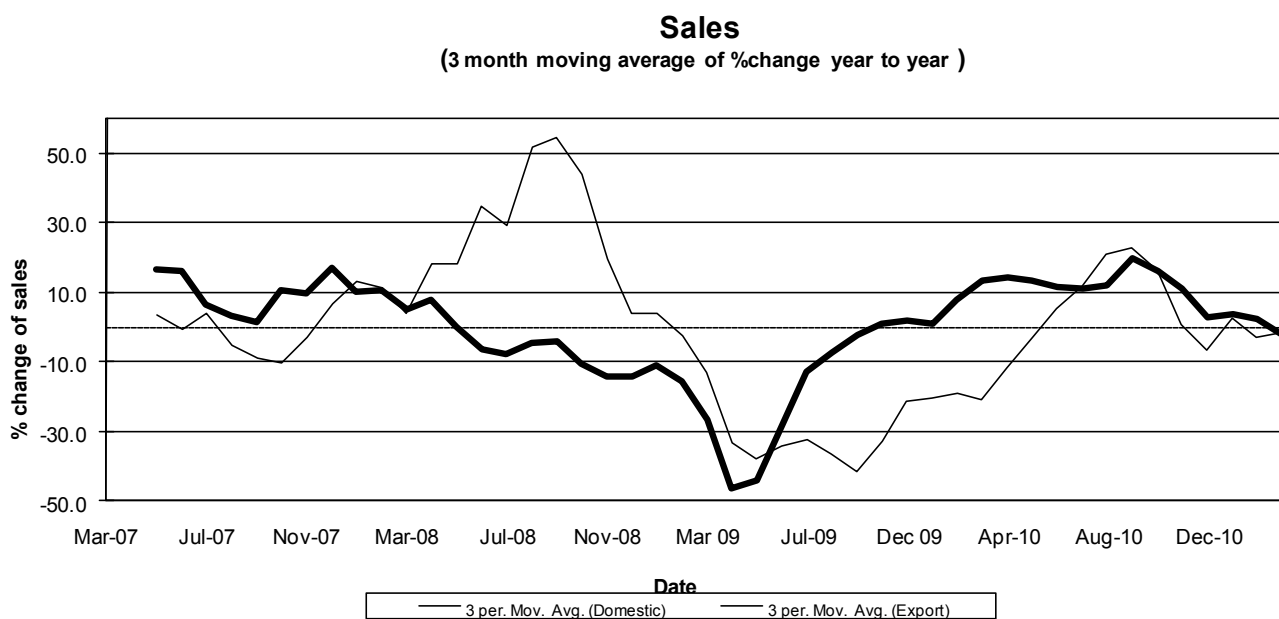
"It's encouraging that the performance index has bounced back so quickly after the disruption in February and this reflects the considerable efforts made by manufacturers to restore production."

"Production capacity was mentioned as the primary constraint by 30 percent of respondents, indicating that some problems remain with those shifting premises or having part of their building out of use."

"The exchange rate remains the biggest problem. Exporters selling into European and North American markets see little return with the exchange rate at these elevated levels. Some urgent action is needed."

"Particularly for those who have gone to extraordinary lengths to keep their businesses running it is frustrating to see the Government sitting idly by while our export competitiveness is threatened. New Zealand cannot improve living standards on the export of commodity products alone; only the successful export of differentiated products can close the wealth gap between New Zealand and other developed nations."

*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.*



## In Times of Uncertainty Get Back to Basics

The impact of the quakes will have far reaching financial and human consequences. Business in New Zealand continues to be demanding and it is in times such as these that we must “get back to the basics”. Norman Vincent Peale said *“In every difficult situation is potential value. Believe this and then begin looking for it”*

There will be winners in this current environment that due to their positioning and competencies can capitalise on some “silver linings”. There will some who will struggle to stay afloat and there will be others who will simply “hit the wall” and may disappear.

In difficult economic times, decision-makers in business need to take decisive action. It is essential that they combat the pressures and respond to the current difficult market and economic conditions in a way that minimises negative effects.

It is my desire to assist those companies who are impacted by this dreadful period of economic (and geological) uncertainty to find potential value and in this regard I advocate a “get back to basics” approach.

There are four primary areas in any business that I consider the basics. These are strategy, action plans (and execution), the organisations culture and its structure. These primary areas are supported by strong leadership, good governance and the company’s collective core competencies.

### 1. Strategy

The ultimate success of most company’s will always depend on the skills (competencies) and experience it has developed and the commitment of its people.

Your strategy needs to be clearly understood, well communicated and be developed around a sound value proposition for your clients. Business success is always rooted in value. When your capabilities match your clients needs both parties achieve value. When that value is equitable both companies can prosper.

Think about where you are today, where you want to be in the near and long term future and how you might get to that future point. Ask yourself what and why questions. What is it we are trying to achieve and why?

Suggestions:

- Develop your strategy from the outside in.
- Good strategy is focused. Focus on the needs of your clients and your capabilities to meet those needs.
- Reassess each of your clients and determine how you can match your capabilities to their needs (and better than your competition)
- Grow the core business and stay away from the unfamiliar.

### 2. Actions

Formulate clear action plans based on the 4WRoH (what and why, when and who, resources, other and how) process. Action planning is the tool to make your strategic intent happen. You need to clearly define clear objectives.

- What is the required action and why is it being done?
- When will the action point be completed and by whom?
- What resources are required in time and money to make this action happen?
- Are there any other considerations?
- And how will we achieve this?

Suggestions:

- Become very disciplined in the execution of those actions.
- Keep the actions SMART. (Specific, Measurable, Achievable, Relevant and Timely).
- Eliminate all waste and inefficiencies.

### 3. Culture

Inspire your team through being the strong leader they desire and need. Gain their “buy in”, confidence and trust with inspiring messages, empathy and understanding, empowerment and sticking with clear and accepted company values. Your team needs to be led and to be reinforced by a company culture which focuses on performance and behaviours.

Expect the best from your colleagues. Lead (and follow) by example.

Suggestions:

- Ensure you have people around you that have the ability and desire to make things happen. Your best chance of success will come from your team, clients and colleagues who understand the situation and share the will to achieve the vision and goals.
- Build and develop a strong set of shared positive values whilst emphasising quality, service, efficiency, performance and flexibility.
- Maintain values. High integrity, ethical decision making and good character. Treat all interactions with people on the basis of “I will treat this person as I would like to be treated”.

### 4. Structure

Keep your structure simple. Have less layers of management and more degrees of empowerment. Promote communication, cooperation, teamwork and knowledge sharing.

Suggestions:

- Ensure your sales teams are equipped with the best selling skills available. Make sure they know how to sell value though benefits and not compete on price. Discounting is a one way street to oblivion.
- Up skill your company. Match and develop your skills to your client needs.
- Enhance information technology and systems.
- Look for new ways to meet your client’s issues and concerns.
- Put good communication systems in place through regular briefing meetings, updates and notice board information bulletins.
- Lift the “manage by walk about” routine from weekly to daily.

### Summary

Tough times are challenging but they can be overcome. We can get through this if we plan well, execute the plans in a timely manner, have a culture of “we can do this together”, and a structure that encourages communication and participation.

We must actively seek all opportunities and be cognisant of and able to eliminate any potential losses. By going back to the basics you will give your company a far greater chance of survival.

*This article was provided by Vincent Nugent Limited. 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.*

## Commercial Leases and the Christchurch Earthquake

Landlords and tenants of buildings affected by the earthquake are facing a great deal of uncertainty. Most leases provide for what should happen if a building is partially or totally destroyed after an earthquake. But lack of safe access to a building due to damage to neighbouring buildings or the civil defence cordon is not covered adequately.

As a general rule, rent remains payable unless the lease has become impossible to perform and is brought to an end under the legal doctrine of frustration. The key piece of information missing in applying the doctrine of frustration is the length of time that buildings will be inaccessible, or anticipated to be so.

Most leases terminate when the building is totally destroyed. The Auckland District Law Society (ADLS) lease form provides that if the premises or any portion of the building which the premises forms part of are destroyed or so badly damaged as to be untenable, then the lease terminates (clause 26.1).

### So What Does “Untenantable” Mean?

The term “untenantable” is not defined in the ADLS lease. The Court of Appeal has defined the term to mean there must be an inability to use and enjoy the premises but there must be a degree of permanence. Something which is merely transitory or temporary will not make a building untenable. There must be a substantial interference with the tenant’s ability to enjoy, use and operate the premises due to damage to the building. These principles were confirmed in a very recent High Court decision *Russell versus Robinson* 1 April 2011.

A landlord would be entitled to reasonable time to make an assessment about whether a building is totally destroyed by an earthquake, or whether it is capable of repair and reinstatement such that it is only partially destroyed. A red sticker does not automatically mean the building is “untenantable” resulting in termination of the lease – there needs to be a degree of permanence. Whether or not a building is so badly damaged as to be untenable is a question of fact to be applied in each case.

Where premises are damaged but not so badly as to be untenable, and the landlord has insurance, the landlord is required to spend that money on reinstatement but not more than the amount of the insurance available. Reinstatement must be adequate for the tenant’s occupation and use and the tenant is entitled to a fair abatement of rent and outgoings until the work is completed.

There is no stipulated time frame for damage assessment and completion of reinstatement work to partially destroyed buildings. During that time the tenant is compensated by abatement of rent.

### What About Lack of Access to the Building

Where premises are inaccessible due to the cordon or damage to other buildings, the doctrine of frustration may apply to bring the lease to an end. Frustration will apply when an intervening event is so unforeseen that the parties cannot have intended the lease to continue to apply.

When considering whether frustration applies, the court will look at the length of the remainder of the term of the lease versus the anticipated period for which access will be prevented, and apply a proportionality test. If there is a considerable length of time remaining in the lease after the interruption has ceased, then the lease will be unlikely to be frustrated. If however the delay is likely to take up a large proportion of the remainder of the term, or could well go beyond the term, then the lease can be frustrated.

In the leading UK case of *National Road Carriers Ltd versus Panalpina*, it was held that although a tenant could not access the premises due to road closure for an anticipated 12 to 20 months, the lease was not frustrated. The delay amounted to one third of the remainder of the term but only one-sixth of the total 10 year lease and was not a sufficiently high proportion to mean the lease was frustrated. Further, there was no ability in the lease to cancel solely due to lack of access (as is also the case with many leases in New Zealand). Payment of rent was unconditional other than in cases of complete destruction of the warehouse.

A case arising out of the Napier earthquake held that a contract for the supply of electricity to an earthquake damaged building was not at an end due to the earthquake, and that earthquake damage was a risk that most business people in New Zealand would consider. A court or arbitrator will not lightly invoke the doctrine of frustration, as the effect is to kill the contract.

### Dispute Resolution

Most leases contain a clause requiring disputes to be resolved through arbitration. Disputes can also be resolved through negotiation, or if both parties agree, through the court.

We suggest that landlords and tenants contact their solicitors, but seek to engage with each other at an early stage on a “without prejudice” basis in order to attempt to resolve disputes. Once there is more information about access and the periods of closure for the relevant areas of the CBD, a test case to develop the law of frustration as it applies to commercial leases would also be of great assistance. Landlords and tenants should take legal advice before acting.

*This article was provided by Lane Neave Lawyers. 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 us on 0800 353 2540.*

## Everything Changes But You

Take That once famously sang (and, yes, I am a fan), “Everything Changes, But You”; the same could be said of New Zealand exporters. We have all been affected by the earthquake and are adjusting to the “new norm”, but the issues faced by Cantabrian manufacturers and exporters pre-earthquake are just as prevalent post.

What are some of these burning issues?

- A strong dollar (especially with reference to the US and Europe), impacting on the bottom line or even making you think twice before contemplating entering these markets.
- Little to incentivise/encourage research and development activity.
- A desire for accelerated capital allowances.
- A skilled labour shortage.

With a focus on an export led recovery it begs the question, if we are to achieve this, are these burning issues a barrier to our success, or is the manufacturing and exporting community so resilient now it can get through anything? It should be noted that concessions are provided to other industries (the filming industry is a good recent example), therefore why not for manufacturers and exporters if in doing so it promotes the greater good?

It's a bit of a cop out, but this article is not intended to provide answers to questions or incendiary; merely raise issues that could be offered for further debate.

On these lines, some of the issues could be dealt with and administered through the tax system. However the traditional view is that the tax system should be broad based, low rate and not be used as a tool to incentivise or discourage particular behaviours; generally allowing the free market to do its work and sort that out.

I'm certainly not saying that this traditional view is necessarily wrong, just suggesting that perhaps we need to consider all options carefully before dismissing off hand. The 2009/10 Tax Working Group said reported that:

*There is a strong view within the Group that the current tax system is not working effectively and that reform is necessary if New Zealand is to have a fair tax system that minimises the costs of raising taxes, reduces barriers to productivity and growth and positions it well for future challenges. This task of tax reform is more challenging because the fiscal environment and public debt forecasts mean that any tax changes cannot, in the medium-term, reduce revenue unless there is a commensurate fall in government expenditure.*

Subsequent to the Tax Working Group's report and recommendations there have been some significant changes to the tax system, such as the reduction in personal and corporate tax rates and the increase in GST.

The earthquake has also resulted (some proposals at this stage) in welcome and equitable concessionary tax changes with regards to donations of trading stock, rollover relief for depreciation recovery income (subject to meeting certain criteria), changes to the timing of recognition of insurance payments (moving to recognition when amounts can be “reasonably estimated”, as opposed to being recognised for tax purposes in the year of the event triggering a claim) and allowing tax-free gratuity payments to employees. Of particular interest is the suspension of depreciation recovery income to the extent that insurance proceeds are reinvested in assets of the same class; could the depreciation rules be tweaked further to provide 100% write-off for relevant investment into qualifying assets which are necessary for an export led recovery? The point here is that we can make concessionary changes to the tax system to remove potential barriers or encourage activity.

The question is should we get back into a debate surrounding where do we want to be in twenty years time and how to get there, in particular what is the cost and how it is funded? Is there more to fix in the tax system to address the findings and comments made by the Tax Working Group?

With respect to funding targeted concessions to assist in an export led recovery, capital gains tax appears to be firmly off the agenda, but the lack thereof does not seem to fit squarely with a broad base tax system and its absence surely creates a distortion (as recently noted again by the OECD with reference to the property world)? It should be off the agenda for the right reasons, not because it is a political hot potato or it will hit our personal pockets hard or it's too hard. Clearly, at an effective 0%, it fits within the “low rate” criteria, but the OECD and Treasury seem to think we need a capital gains tax.

My final quote, Jane Fonda wisely said, “No pain, no gain”. Not that there hasn't been pain in the finance world, but perhaps a little bit of pain is needed before we really get into shape, i.e. do we need to do something visionary, controversial and radical that breaks the mould?

*This article was provided by KPMG Legal. 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.*

## Forums / Workshops

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). For the month of May all Christchurch Forums are at no charge to members.

### 2011 President's Cocktail Function Monday 30 May, 6:30pm - Auckland

Mr Allen Voss, President of the New Zealand Manufacturers and Exporters Association, invites members to the 2011 President's Function with guest speaker the Rt. Hon. John Key.

For further details on this function and to register online visit [www.mea.org.nz](http://www.mea.org.nz) and go to Events/Training.

### Workshop: Value Added Negotiation Tuesday 14 June, 8:30am - Christchurch

A highly interactive and practical workshop that helps salespeople negotiate customer demands for better service, delivery, products, pricing, and other issues while meeting their own objectives.

#### Topics to be covered:

- Planning a collaborative negotiation.
- Analysing negotiating styles.
- Valuing tradable issues.
- Creatively offering options.
- Defining parameters and sequencing offers.
- Handling customer negotiating tactics.

**Who should attend:** This workshop is designed for newly appointed sales representatives or currently active representatives needing a refresher.

For further details on this workshop and to register online visit [www.mea.org.nz](http://www.mea.org.nz) and go to Events/Training.

### Workshop: Develop Quick Changeover Procedures in a Competitive Manufacturing Organisation Tuesday, 14 June, 9:45am - Christchurch

Many companies spend more time changing over between products than actually making them – does this sound like your operations? Find out how to reduce your changeover times by 50% or more.

This workshop covers the knowledge and skills needed to develop/improve quick changeovers in a manufacturing environment. Speed and Safety are built into this process ensuring a rapid changeover that is right first time, every time.

Included is the application of skills associated with communication, problem solving, initiative, enterprise, planning and organising in order to analyse and determine changeover procedures. This workshop also covers aspects of self management and learning to ensure feedback and new learning is integrated into the development of procedures.

Places are limited so please register early.

**Who should attend:** Production and Operation Managers, Supervisors, Engineering and Maintenance personnel and Continuous Improvement Champions.

For further details on this workshop and to register online visit [www.mea.org.nz](http://www.mea.org.nz) and go to Events/Training.

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**Certified in Production & Inventory Management (CPIM):  
Execution and Control of Operations (ECO)  
The 4th CPIM Module for Supply Chain Professionals  
Starts Thursday 19 May, Christchurch, 5 half days.**

This is the fourth module in a series of five that make up the Certified in Production and Inventory Management (CPIM) programme, the internationally recognised qualification from APICS.

This module will concentrate on the areas of prioritising and sequencing work, executing work plans and implementing controls, reporting activity results, and providing feedback on performance. You will learn techniques for scheduling and controlling production processes, the execution of quality initiatives and continuous improvement plans, and the control and handling of inventories.

**Who should attend:** Supply chain professionals wanting to complete their CPIM qualification, master planners and schedulers and operations managers

For further details on this programme and to register online visit [www.mea.org.nz](http://www.mea.org.nz) and go to Events/Training.

**Certified in Production & Inventory Management (CPIM):  
Master Planning of Resources (MPR)  
The 5th CPIM Module for Supply Chain Professionals  
Starts Wednesday, 25 May, Christchurch, 5 half days.**

This is the final module in a series of five that make up the Certified in Production and Inventory Management (CPIM) programme, the internationally recognised qualification from APICS.

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, and because of the depth on demand planning, demand managers.

For further details on this programme and to register online visit [www.mea.org.nz](http://www.mea.org.nz) and go to Events/Training.

## ADVANCE NOTICE SUPPLY CHAIN MANAGEMENT: CPIM 2011

### Certified Production and Inventory Management Programme (CPIM)

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<b>Module 1</b>	<b>Basics of Supply Chain Management (BSCM)</b> Term 3: 27 October, 3, 10, 17 & 24 November
<b>Module 2</b>	<b>Master Planning of Resources (MPR)</b> Term 2: 25 May, 1, 15 & 29 June
<b>Module 3</b>	<b>Detailed Scheduling &amp; Planning (DSP)</b> Term 3: 17 & 31 October 7, 14 & 21 November
<b>Module 4</b>	<b>Execution &amp; Control of Operations (ECO)</b> Term 2: 19 & 26 May, 2, 9 & 30 June
<b>Module 5</b>	<b>Strategic Management of Resources (SMR)</b> Term 2: 23 & 30 May, 13, 20 & 27 June Term 3: 4 & 18 October, 1, 15 & 22 November

If you would like to discuss or register for any of the above modules please contact:

Karla Clapham on (03) 353 2543 or email [karlaclapham@mea.org.nz](mailto:karlaclapham@mea.org.nz)

## Canterbury Earthquake Recovery Act 2011

The Canterbury Earthquake Recovery Act was passed by Parliament into law on 14 April 2011, and subsequently received Royal assent on 18 April 2011. The passage of the Bill was subject to some heated debate in the House. The Labour Party were highly critical of the lack of opportunity for the public to comment on the Bill prior to it being passed, but ultimately supported the Bill. The Green Party voted against the Bill because they were concerned about the extent of the powers granted to the Minister and Canterbury Earthquake Recovery Act under the Act.

The Act brings into force wide ranging powers for the Minister and the Canterbury Earthquake Recovery Authority (“CERA”) and also sets out the process for the development of a Recovery Strategy and Recovery Plans as a framework for the recovery process.

### Recovery Strategy

The Recovery Strategy is the overarching long term strategy for the Regional construction, building, and recovery of Greater Christchurch.

The development of the Recovery Strategy is the responsibility of CERA, who must then submit it to the Minister, Gerry Brownlee, for his consideration. The Minister, however, does not have the power to approve the Recovery Strategy, which must ultimately be approved by the Governor-General. This was a safeguard which was put in place in a late amendment to the Bill.

CERA has nine months to develop the Recovery Strategy with the public having the opportunity to make written comments on the draft documents. It also provides there must be at least one public hearing with members of the public having the right to appear and be heard in relation to the Recovery Strategy. In developing the Recovery Strategy, CERA must consult with the Christchurch City Council, Environment Canterbury, Selwyn District Council, Waimakariri District Council and Ngāi Tahu.

### Recovery Plans

Underneath the overarching Recovery Strategy will be a number of Recovery Plans, which the Minister will direct one or more entities to develop. The Christchurch City Council is responsible for the Recovery Plan for the CBD, which is defined as the area bounded by the four avenues. A similar process follows in relation to the Recovery Strategy with the requirement in the Act that it be developed within nine months of the Act coming into force. Recovery Plans will be developed in parallel with the Recovery Strategy. Again there must be at least one public hearing where members of the public can appear and be heard. Further, the draft Plan must be publicly notified, allowing the public to make written comments. The CBD Plan must be developed in nine months, but the timeframe for other Plans will be determined by the Minister.

Unlike with the Recovery Strategy, the Minister does have the power to approve the Recovery Plans and also to make changes as he sees fit. Once approved, notice is given of the Plan in the Gazette so the public is aware of the Plan and know where it may be inspected. Once in place, Councils must not make a decision or recommendation that is inconsistent with the relevant Recovery Plan, including the granting or administering of consents or change of conditions of consents, or Plan or Proposed Plan under the Resource Management Act 1991.

### Powers of Minister and Chief Executive

The Minister’s powers include:

- Directing the development of Recovery Plans and approving the same.
- Suspending, amending, or revoking the whole or part of RMA documents, Resource Consents.
- Giving directions to Councils and/or CCO’s.
- Assuming the responsibilities, duties and powers of Councils.
- Compulsory acquisition of land and determining compensation.

The powers of the Chief Executive include:

- Requiring the provision of information from persons.
- Power of entry into properties.
- Power to commission new buildings and demolition work.
- Restricting access to specified buildings and areas.
- Closing rights.
- Acquiring, selling and otherwise dealing in land.
- Receiving claims for compensation in respect of land compulsorily acquired by the Minister.

The Act requires that the Minister and Chief Executive must ensure that they exercise their powers under the Act in accordance with the purposes of the Act. Broadly speaking, the purposes of the Act are to provide for the recovery of Christchurch and to provide the Minister and CERA with the powers that the recovery occurs in a timely manner.

### Checks and Balances

There are a number of checks and balances contained within the Act to go against the extraordinary powers granted to the Minister and Chief Executive.

The Act provides that the Minister must appoint a Canterbury Earthquake Recovery Review Panel made up of four persons with the relevant and appropriate skills. One of those persons must be a retired High Court Judge. The function of the Panel is to provide advice to the Minister in relation to Orders in Council that may be required for the purposes of the Act. These Orders in Council will be required to exempt, modify, or extend existing legislation, such as the Building Act 2004, to allow the recovery process to proceed in a timely manner. The review Panel is to check and balance the extraordinary power.

*Continued on page 9*

## Canterbury Earthquake Recovery Act 2011

Another check and balance is a claimant's right in relation to compensation in the event that their land is compulsorily acquired or their building suffers damages as the result of a demolition of a neighbour. In the event that they are unhappy with the decision of the Minister in respect of compensation, they have the ability to appeal to the High Court and then to the Court of Appeal on substantive matters of law.

In addition, the decisions of the Minister and Chief Executive will be reviewable, in law, by applying the usual principles of judicial review, unless the Act has expressly limited the Minister's or Chief Executive's obligations in this regard. For example, the Minister and Chief Executive's obligation to consult in relation to the Recovery Strategy and Recovery Plans are limited and prescribed by the Act.

The Minister must form a community forum made up of twenty persons suitably qualified to participate in the forum. The forum is to meet at least six times a year and its purpose is to provide information and advice to the Minister and Chief Executive in relation to the operation of the Act. There is some doubt as to how effective this forum will be given its size and the range of interests it will represent.

Lastly, the Minister is also required to arrange for a cross-party parliamentary forum to meet, made up of Members of Parliament who are either resident in the greater Christchurch area or represent constituencies in that area.

### Final Comment

The Act provides the Minister and Chief Executive broad powers which are arguably appropriate in a time of crisis. Checks and balances are in place, but it will be interesting to see how the Minister and Chief Executive use their powers, particularly in an election year.

*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](mailto:mea@mea.org.nz) or phone 0800 353 2540.*




## Competitive Rates

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## International and Local Machinery and Supply Companies Support Christchurch Trade Show

Despite the challenging events over the last six months, SouthMACH 11, the engineering, manufacturing and machine technology trade show, is being well-supported by local and international exhibitors. SouthMACH 11 will display the latest machinery, tools and equipment to South Island manufacturers and engineers.

“The machines and technology are back” says Exhibition Director, Rachel Hobbs-Price, “along with New Zealand’s top suppliers, together we have created a major South Island trade show that will stimulate business and reinforce a positive outlook for South Island manufacturers and engineers.”

Over 80 machinery, equipment and manufacturing technology suppliers representing international and local firms will be exhibiting, demonstrating and discussing the latest technology. Since its inception in 2005, SouthMACH has become an important reference point for the industry and this year, visitors will also have access to a number of exhibitor workshops and industry seminars.

SouthMACH 11 has joined forces with NZMEA (New Zealand Manufacturers and Exporters Association), to deliver a high quality seminar programme. In addition to the NZMEA seminars, exhibitors are running workshops to demonstrate solutions and will provide invaluable information to those involved in manufacturing and related sectors.

The exhibitor line-up for SouthMACH 11 features top industry suppliers from NZ and abroad who, in a show of solidarity, have been adamant that the show must go on despite the tragic events surrounding the Christchurch earthquake.

This event is being held at CBS Canterbury Arena on 17 and 18 August 2011 and visitors will be able to find the solutions they need at the only specialised event for the South Island, delivering products, services and solutions for their entire team.

One Christchurch exhibitor, Revolution Precision Machinery on stand 2, supplies a full range of engineering technology products to NZ engineers and will be demonstrating new machine tools and machine tool CNC systems i.e. engineering-based software. Three experienced engineers provide local support for training, product operation and maintenance and will be on-hand at the show.

HTC Specialised Tooling on stand 22 will display a selection of its range including Durapac hydraulic tools, load skates, lever hoists and more.

Metal Spray Suppliers on stand 14 will be demonstrating its latest products, including thermal spray equipment and specialised welding products.

FW CAVE on stand 106 are situated in the Safety First Corner at SouthMACH and will be displaying their latest lockout and tag-out systems that block the flow of energy from a machine’s power source so the equipment cannot start unexpectedly.

Attendees can register online for complimentary admission to SouthMACH 2011. Visitors are encouraged to pre-register for quick entry on the day.

*This article was provided by Hayley Media. 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.*



**SOUTH MACH 11**

**17 – 18 August 2011**  
**CBS Canterbury Arena**  
**Wednesday 10am – 6pm**  
**Thursday 10am – 5pm**

**FOCUSING ON INDUSTRY**  
**The Engineering, Manufacturing and Machine Technology Show is Back!**

SouthMACH 2011 and the associated onsite events are free to attend. Register online for quick entry on the day. Visit [www.southmach.co.nz](http://www.southmach.co.nz) to register and view the latest seminar timetable.

In association with **mea** (New Zealand Manufacturers and Exporters Association)  
 Official publication **Engineering News**  
 Organised by **HAYLEYMEDIA EXHIBITIONS**

# MEAssist

To network with other Members or get assistance from our Associate Membership contact:  
meassist@mea.org.nz or call 0800 353 2540

Our Associate Membership includes a wide range of specialists, consultants  
and service providers who can assist Association Members with:

<b>Management and Human Resources</b> Recruitment and Selection Operations Management Project Management Conflict Resolution & Mediation Employee and Immigrant Settlement Management, Leadership & Team Training Temporary Staff Employment Law Change Management Training Analysis ERP, MRP Solutions	<b>Manufacturing Efficiency</b> Lean Manufacturing Programmes Theory of Constraints Competitive and Agile Manufacturing Factory and Plant Efficiency & Utilisation Supply Chain Management & Certified in Production and Inventory Management (CPIM) Kanban, Production Planning & Scheduling Maintenance and Asset Management QC, QS and TQM Industrial Automation & Control
<b>Business Governance</b> Risk Management Business Sales & Valuation Strategic Development Business Coaching Company Boards Business and Technology Planning	<b>Marketing and PR</b> Advertising and Branding Market Research and Marketing Export Marketing Communications and PR Strategic Pricing
<b>Finance</b> Accounting, Payroll and Tax Debt Collection FOREX and Banking Investment Capital Insurance Services	<b>Product Design and Development</b> Research and Development Services Product and Prototype Development New Product Design Process Engineering Analysis, CAD and FEA
<b>Safety and Compliance</b> Security Advice, Internal & External Drug Testing and Policy Health and Safety Systems & Training Energy, Water & Waste Auditing	<b>Intellectual Property</b> Knowledge & Information Management Intellectual Property Risk Assessment and Commercialisation Intellectual Property Patent Registration
<b>Information Technology</b> IT Systems – Design & Implementation Website and Software Development Web Content Creation	<b>Import and Export</b> Certificates of Origin Customs, Logistics and International Freight Forwarding Services, Including Part Container Services International Travel

We facilitate relationships and transactions between manufacturers and exporters free of charge. Where the Association facilitates a transaction with Associate Members a standard charge, or referral fee applies. This is invoiced to the Associate Member providing the service. These fees vary between Associates and is constructed to be less than the usual marketing overhead recovery component of an Associate's pricing.



## Membership Benefits

**Support:** We offer support from our HR Advisors and other members, MEAssist, regular service calls to members, and our qualified list of Associate Members. The Association can also help with business improvement planning through the NZMEA's business diagnostic tool 'M measure' or a "Solutions for Progress" session.

**Certificates of Origin:** Contact the NZMEA if you need a Certificate of Origin. We are now also authorised issuers under the China and ASEAN Free Trade Agreements.

***If you have any questions regarding our Membership Benefits please contact us:***  
**website: [www.mea.org.nz](http://www.mea.org.nz), phone: 0800 353 2540, email: [mea@mea.org.nz](mailto:mea@mea.org.nz)**



# Events and Training

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

Monday	Tuesday	Wednesday	Thursday	Friday
2	3	4 Workshop: Develop Quick Changeover Procedures (Auckland)	5	6
<b>May</b>				
9	10 Workshop: Key Account Selling/Strategic Development (Christchurch)	11 Workshop: Optimise Cost of Production in a Competitive Manufacturing Environment (Christchurch)	12 Forum: Intellectual Property Perspectives (Auckland)	13
16 NZMEA Council & CEO Forum (Christchurch)	17 Forum: Coping with Natural Disasters and Emergencies (Christchurch)	18	19 Programme: CPIM - Execution and Control of Operations Day 1 (Christchurch)	20
23 Programme: CPIM Strategic Management of Resources (Christchurch)	24	25 Programme: CPIM - Master Planning of Resources Day 1 (Christchurch)	26 Programme: CPIM - Execution and Control of Operations Day 2 (Christchurch)  Forum: Product Design and Developing Brand Aesthetics (Christchurch)	27
30 2011 President's Function with Rt Hon. John Key (Auckland)	31	1	2	3 Canterbury Furniture Manufacturers Trade Group Meeting
<b>June</b>				
6	7	8 Forum: Determine and Improve Process Capibility for a Competitive Manufacturing Organisation (Auckland)	9	10
13	14 Workshop: Value Added Negotiation (Christchurch)  Workshop: Develop Quick Changeover Procedures in a Competitive Manufacturing Organisation (Christchurch)	15	16	17
20 NZMEA Council & CEO Forum (Auckland)	21	22	23	24
27	28	29	30	

New Zealand Manufacturers and Exporters Association