

Is there real light at the end of the tunnel?

We seem to be getting a series of “good news” stories or reports lately. When I say “good” I really mean only moderately good, but certainly better than what we have been experiencing over the past 3-4 years.

I think everyone is pretty tired of describing their level of activity as “bumping along the bottom”, with a flicker of hope one month, only for it to be undone the next!

However, in the face of continuing positive results in our own Performance of Manufacturing Index (PMI) over the past 6 months, several different bank surveys showing growing business confidence and retail spending in general holding up, things may just be looking a little brighter?

We should also look at how we are doing in relation to manufacturing in other parts of the world, as a major factor in our own situation is the level of global demand! What we need now, is for the major global economies to get back to a reasonable level of activity.

The most recent international PMI survey results suggest that compared to our compatriots in other major manufacturing countries, we are holding up pretty well:

- PMI for April 2013; USA – 51.3, Japan – 50.4, Eurozone – 46.8, Australia – 36.7, and NZ – 54.5. (When the index is above 50 it indicates expansion, below 50 signifies contraction.)

Another encouraging signal from the PMI was that the index for New Orders stood at 59.4, well into positive territory.

Clearly the Canterbury rebuild is now moving more rapidly and labour is in high demand in that part of the mainland. Recent developments in Auckland suggest that the housing/building market is likely to gather some momentum in the near future, partly driven by the market and aided by local/central government interventions.

Why the emphasis on building activity? Because it tends to spread across a wide range of manufacturing activity and history shows strong construction activity generally runs parallel with a buoyant economy.

In recent days we have even seen the NZ/US dollar cross rate decline as the US economy starts to pick up and confidence grows in their country. As I write this, it is around US\$0.81, the lowest it's been for some time. How long that trend will remain, who knows? But it is nice while it lasts. Having said that we are also at 3 ½ year highs against the Australian dollar. Win some/lose some!!

However, as the market picks up there will be an increased demand for labour, both skilled and unskilled and hopefully for some school leavers. Are you prepared for this new challenge, can/will you train new people? We need to train our own people to give them the skills necessary to stay in employment rather than them being a drain on the economy. We can all “do our bit” in that respect and it is a “win: win” in the broader context!

Bruce Goldsworthy
Manager – Manufacturers Division

Activities

- Government Procurement Seminar – new rules of sourcing: Auckland, June 11
- Lean awareness – the Lean deal: Auckland, May 31
- Terms of Trade Workshop: Auckland, June 26
- Employment Relations Amendment Bill Seminars – summary of changes: multiple venues and dates
- Eco Smart Business: 3-workshop series, Auckland, June 13/July 11/Aug 15

General information

- The exchange rate debate – outcome from National Forum hosted by Reserve Bank and Treasury
- BusinessNZ Planning Forecast
- EMA's Manufacturers' Forum
- Book tables at Auckland and BOP export awards

✓ Pass it on	
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Activities

Government Procurement Seminar – new rules of sourcing: Auckland, June 11



PROCUREMENT.GOV.T.NZ

Members are invited to briefing sessions about the recently-released, new Government Rules of Sourcing.

If you want to sell to any local or central government body in New Zealand, this morning briefing in Auckland on June 11 is for you. Within the EMA region this roadshow of Rules' updates is only taking place in Auckland, at this stage.

It will make it easier for you to do business with Government, explaining issues such as how the Rules give you better access and engagement with Government and how Procurement Managers will evaluate your tender responses.

The Rules replace the 'Mandatory Rules for Procurement by Departments', and come into effect on October 1, 2013.

Please see the flyer attached to this *Manufacturer Newsletter*, or [click here](#) to read more and register to attend.

Lean awareness – the Lean deal: Auckland, May 31



'Lean' thinking is still very popular, over 1000 have attended these seminars to date, so EMA continues to offer practical training in this approach to running all types of organisations.

This Lean Thinking Seminar will introduce you to the concepts of Lean, how it works, and the actual benefits that can be gained. You will hear from fellow manufacturers on their own experiences and the difference Lean has made to their bottom line.

Our seminar presenter is Clinton Yeates, a business consultant who has worked with numerous organisations in Australasia in the development and implementation of operational and business improvement programmes. He is a "Lean Thinking" specialist with a strategic focus that includes the training and development of staff at all levels.

To read more and register to attend, please click [here](#) or go to www.ema.co.nz. Alternatively contact the Association office and register direct with Julie Brough, phone 09-3670913, email Julie.brough@ema.co.nz. You will be separately invoiced.

Terms of Trade Workshop: Auckland, June 26

It is important to review your Terms of Trade with customers and suppliers in order to reduce risk.

EMA's two-hour workshop provides inclusive details to allow you to revise your contract or develop a new contract, regardless of your type of business.

Topics to be covered include making sure your contract is enforceable, retaining ownership until you are paid and handling disputes.

Please [click here](#) or see the attached form to read more about the workshop and register to attend.

Employment Relations Amendment Bill Seminars: summary of changes - multiple venues & dates

Changes are coming to collective bargaining, restructuring, strikes, meal breaks and more.

Major changes to the Employment Relations Act have been introduced to Parliament and are expected to be passed later this year.

EMA is holding three-hour, interactive seminars to explain the changes and how they affect your business.

You can book now to attend a seminar at one of eight locations across the Bay of Plenty, Waikato, Auckland and Northland.

The seminars are being held in:

Whangarei	June 11
Auckland (4 venues)	May 27, 28, 29 & June 7
Hamilton	June 4
Tauranga	June 5
Rotorua	June 6

For more information and to book you place, please visit the [EMA website here](http://www.ema.co.nz/events/calendar/Pages/New-Employment-Law-Seminars.aspx) or at www.ema.co.nz/events/calendar/Pages/New-Employment-Law-Seminars.aspx

Eco Smart Business: 3-workshop series, Auckland June 13/July 11/August 15



EMA invites you to [Eco Smart Business](http://www.ecosmartbusiness.co.nz), a set of three simple workshops with one-to-one support, to help you save money on waste, water and all types of energy. And gain environmental accreditation.

Then tell the world how responsible you are in reducing your impact on the land, waterways and air.

The tools you get are an Environmental Management System or policy, and ECO WARRANTY certification to help tell your story. You can also go on to get a more comprehensive and globally recognised ISO 14001 certification.

This course is for you, whether to do the right thing, to avoid regulation or to please your customers or others along the supply chain.

All types of businesses are taking part: builders, car rental, dry-cleaners, electricians, engineers, food manufacturing, heating systems manufacturers, hotels, retailers, timber processors and many others...

Don't risk talk of 'green-washing' or being out of date. The morning workshop dates and topics are:

Thursday, June 13	Strategy & your Environmental Management System
Thursday, July 11	Managing Environmental Impacts - Energy, Wastewater & Transport
Thursday, August 15	Preparing for your Audit, & Green Marketing

You can read more and apply to take part at www.ecosmartbusiness.co.nz

General information

The exchange rate debate - outcome from National Forum hosted by Reserve Bank & Treasury

This Forum was addressed by a range of economists, and other "learned" speakers. Key issues identified, or points made, included:

Government spending and regulation

- Government spending and regulation can contribute to a high exchange rate environment.
- We should avoid the situation such as 2005 - 2008 where increases in Government spending worsened the imbalances already apparent in an overheated economy.
- We should review regulations to help ensure that the economy can respond more flexibly to shocks, eg, removing barriers to a responsive housing supply.
- We should avoid policy-induced swings in migration.

Volatility

- Short-term exchange rate volatility in NZ has been generally greater than in most other advanced countries.

- Cyclical exchange rate volatility in NZ has had large and longer-lasting cycles compared with other countries.
- Possible remedies for volatility:
 - Improve the flexibility and efficiency of the economy and financial system to reduce the reactivity of the exchange rate to changing fundamentals;
 - Use the scope within the flexible inflation targeting framework to trade off volatility in the exchange rate against volatility in inflation;
 - Use other non-monetary measures, such as fiscal policy, macro-prudential tools, and supplementary stabilisation instruments.
- Foreign exchange intervention is not a remedy - it might reduce short-term volatility, but is unlikely to reduce medium-term volatility.

Different exchange rate regimes

- NZ has tried many exchange rate regimes in the last 40 years and all have delivered large real exchange rate variation.
- Whatever exchange rate system is used, fluctuations in the real exchange rate have been driven by traditional economic drivers such as cyclical economic performance, terms of trade, and inflation outcomes - not monetary policy.
- The overwhelming evidence is that monetary policy cannot make a sustained difference to the real exchange rate.
- All that monetary policy or foreign exchange rate intervention can do is perhaps take out the worst of the peaks and the troughs of the cycle in exchange rates.
- However, there are non-monetary policies that could reduce the long-run average of the real exchange rate, for example:
 - diverting heavy investment away from housing into more productive investment;
 - increasing public and private savings;
 - reducing government spending; and
 - various supplementary stabilisation instruments.
- Regardless of whether they can change the real exchange rate much, some of these measures would be good to implement in their own right.

A [summary](#) of the proceedings and all [other papers](#) presented at the Forum are available on the Reserve Bank website www.rbnz.govt.nz

BusinessNZ Planning Forecast shows pockets of optimism



BusinessNZ has recently released the *March 2013 Quarterly Planning Forecast*. This is an excellent resource for those involved in preparing budgets, forecasts or board reports.

Copies are available on request from the EMA office – please contact Anne Clarke at email anne.clarke@ema.co.nz

EMA's Manufacturers' Forum



EMA's Manufacturers Forum meets monthly to discuss issues as they impact on the sector, and to consider what might be done to alleviate problems and/or take advantage of opportunities.

The Forum also monitors manufacturing specific activities run by the EMA/BusinessNZ.

Catherine Beard, Executive Director of ManufacturingNZ at the BusinessNZ office in Wellington usually attends as she provides the day to day interface of manufacturing with Government ministers and officials.

Catherine has been at the forefront of the battle to get significant changes to the Government's Procurement policies and practices, a battle that has been successful and which should benefit many NZ companies.

The Forum is also working with Catherine on a "Manufacturing Report" expected to be published later this year. It initiated our "Engineer for a Day" project with Auckland University and has an "Informal Round the Table" survey of business conditions each month.

There is always the opportunity to expand membership of the Forum, it meets on the 3rd Tuesday of each month from 3.30pm – 5.30pm. The meetings are relatively informal, with everyone invited to contribute, across a very broad range of manufacturing related issues.

If you are interested in participating or even attending a meeting on a "suck it, and see" basis, contact me direct at the Association office, Bruce Goldsworthy, phone 367 0948 ddi, email bruce.goldsworthy@ema.co.nz.

The Air New Zealand Cargo ExportNZ Awards Auckland 2013 will be presented at a black-tie gala dinner on June 21 at The Langham, Auckland hotel.

To read about the categories (finalists are due to be announced on 22 May) and book tickets, please visit www.hookedonexport.co.nz

The BNZ Partners Bay of Plenty ExportNZ 2013 Awards are at Baypark Stadium in Mt Maunganui on June 28.

To read about the finalists and book tickets, please visit: www.bopexportnzawards.org.nz

Book tables at Auckland and BOP export awards



If you haven't already booked your seats at the export awards run by EMA's ExportNZ divisions in Auckland and the Bay of Plenty, don't waste time in doing so. They are on next month and are almost sold out.