Issue 165. July 2020

Round about.

LOCAL BUSINESS IS OUR BUSINESS

Todd Muller

Rosebank Speech

Anglo Engineering

Long term goals

Sustainability

Moving towards a better future





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Cover: Anglo Engineering Director Wayne Eccles with National Party leader Todd Muller.

With thanks to our partners ...



























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The Rosebank Roundabout is published by the Rosebank Business Association Inc. Copies are distributed free to approximately 1200+ businesses and in the Rosebank and other West Auckland districts. Editorial included in this publication reflects the opinions of the contributing authors and does not necessarily represent the views of the RBA.

From Our Perspective

RBA CEO Mike Gibson gives his perspective on what's happening in Rosebank



Emergency Budget 2020/21

Mike Gibson,

Auckland Council sought feedback on the Auckland Council Emergency Budget -Annual Budget 2020/21.

This is our response as part of this process, and we include it as part of our Whau Local Board priority list for future reference.

[Rosebank Business Association Inc] The RBA is located on over 154 hectares of land situated north of Avondale between Eastdale Reserve and the Patiki Road junction point of the North Western Motorway. It comprises about 700 commercial, Industrial and service businesses employing over 9000 FTE's. While the RBA was incorporated into the Incorporated Society in 2004 it didn't become a BID until 2005/6. It has often been

viewed as the last Western out post of the then Auckland City Council and thankfully this status was updated with the emergence of one Auckland Council and it's 21 Wards following the establishment as such by the Royal Commission. The purpose of this explanation is to ensure that all Auckland Councillors understand the position and role that Rosebank plays in generating local GDP, high employment and despite Covid-19 continuing demand for skilled labour. As a rule, we oppose any above inflation increase in residential and commercial rates and by generating our own private income of about 45 cents to every dollar we are comfortable in keeping any BID targeted rate increases to

The golden rule for all proposed Council rate increases should be based on the premise that you can't go to the Ratepayer financial well too often. And, in addition to any rate increase by introducing increasing indirect charges in categories such as Water, Waste, Transport and building compliance costs, Auckland Council's credibility to the voter is vulnerable.

Background

Auckland Council says it is facing a significant financial challenge. Due to COVID-19, revenue is projected to be over \$500 million less than previously budgeted. Council's high fixed costs mean its budget will not balance, even after making considerable cuts. Council will have hundreds of millions of dollars of less cash to pay for services and investments. Although it can borrow more to help make up the difference, unlike central government, Auckland Council is already very close to the limit of what it can borrow.

Council says not increasing rates would have severe impacts on council services, new infrastructure, its debt levels and employment and business activity in Auckland. As a consequence, Council is proposing rates increases of either the currently planned 3.5 per cent or a lower 2.5 per cent, each with different impacts for Auckland, and a new

rates postponement scheme to help the hardest hit households and businesses.

Council has four key levers to respond to this financial challenge: (1) Increased council borrowing: Council says further borrowing will lead to increased borrowing costs, reduced access to debt markets and greater exposure to further shocks. Additional debt would also need to be serviced and repaid by future ratepayers. The Council need to provide an assurance to ratepayers that these changes will remain temporary. (2) Reduced capital investment: Council has already decided to slow down some of its building and construction projects and will look at delaying more projects. (3) Reductions in operating expenditure: Council is already planning substantial cuts to its back-office functions. Further savings will impact the services it delivers to Aucklanders. (4) Asset recycling: The Council owns over \$50 billion of assets. It is proposing to let go of some more of its less used assets to help pay for new ones that will help Council deliver better services to the community.

Our feedback responds to Council's key questions for feedback:

- (1) General rates increase for 2020/2021;
- (2) Rates postponement for ratepayers impacted by COVID-19;
- (3) Suspending the targeted rate paid by accommodation providers; and
- (4) Other feedback

For any added notes to these four key funding related matters, please contact me on gibo@rosebankbusiness.co.nz or call me 027 294 0551.

Didn't think I would say this again but: Stay Safe! Avoid unnecessary Airline travel and GO THE BLUES!!

Best Wishes, Mike Gibson, Chief Executive Rosebank Business Association.





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FIND YOUR BUSINESS EDGE

0800 BUSINESS

From Our Perspective

RBA Chairman Bernie McCrea gives his perspective on things that he has been thinking about

H2O and it's only water

Bernard McCrea

RBA Chairman

One of the annoying things is the lack of transparency re Auckland's water crisis. We have been told that it essentially came from a lack of rain, and no doubt we had a great dry summer, but it is not like that is the only cause. One of the success factors in New Zealand's economic growth story (pre Covid-19) came from the surge in Auckland's population. We know this as the number of people coming in were published/ announced month after month on every news broadcast stating that the population was expanding quickly.

Auckland is the economic engine for New Zealand and water is one of the essential services you need. No water, no growth. The high-powered executives that decide such things as our water supply seem to have missed this point and now, we are scrambling.

It's also the point that Auckland is not the only city that has this problem with townships up North also having rain storage problems.

There is no magic secret plan about rain storage. Plan A is the rain falls from the sky and you store the rain in a hole in the ground. Plan B is if it does not rain you pump a gazillion gallons of water from the (Waikato) river to fill up your dams. Lastly if it's not raining for a long period of time then you tell people to preserve it. Now you don't need to pay executive people mega-mega bucks to do anything else as that's it.

I can also say that as it rains, and water goes into the rivers and out into the ocean it's not like the sea needs any more water as it's got lots of it now.

The articles I've read say we capture about 2% of the rainfall in New Zealand, so it's not the amount of rain we get but, where we store it. Basically, we need more holes in the ground and/or a bigger pipe to fill up more dams.

We know the formula for water is H20, but you can't necessarily make any more chemically just because you know the formula, so you go back to either storing it, pumping more of it from the rivers or, use less of it.

You should all be able to do this with plenty of notice and having water shortages are things that happen in the

Regards Bernie.





Contact: office@cameronpanel.co.nz (09) 827 0787 www.cameronpanel.co.nz 11 Puriri Street, New Lynn

Rosebank Advocates

With **Dr Grant Hewison**, specialising in local government consultancy and legal services.



Dr Grant Hewison

RBA asks for less than a 2.5% rates increase in Auckland Council's Emergency Budget

Auckland Council says it is facing a significant financial challenge. Due to COVID-19, revenue is projected to be over \$500 million less than previously budgeted.

In addition to proposed rates increases of 2.5% or 3.5%, Council has four key levers to respond to this financial challenge: (1)

Increased council borrowing; (2) Reduced capital investment; (3) Reductions in operating expenditure; and (4) Asset recycling.

The RBA prefaced its response to proposed rates increases of 2.5% or 3.5% by noting that the assumptions upon which the Emergency Budget was prepared have been overtaken by more recent events. Although the RBA acknowledged the severity of the financial impact from COVID-19 on businesses (especially small to medium sized businesses), it believed the financial outlook for Auckland Council must now be better than in April when the Emergency Budget was prepared.

In addition, the RBA raised concerns that the positive impacts of the central government \$50B economic stimulus package as well as the likely funding of 'shovel ready' projects had not been factored into the Emergency Budget.

The RBA asked for less than a 2.5% rates increase, preferably zero.

In terms of the four key levers, the RBA asked for higher borrowing, noting that council officer views that a projected debt to revenue ratio closer to 300 per cent for 2020/2021, rather than the 290 per cent in the Budget, would represent a better balance between maintaining long-term financial prudence and maintaining investment and critical services.

Turning to capital investment, the RBA's position was that this should

be maximised. It was critically important for the Council to continue to invest in quality capital projects at this time to stimulate the Auckland economy. The maximum \$2.5 billion scenario appeared to be the better option.

On the third lever, reducing operating expenditure, the RBA supported the option of a \$250 million reduction here, including delaying the start of implementing a living wage policy for contracted cleaners (as these kinds of matters were for central government to address).

Finally, in terms of asset recycling, the RBA agreed that this was an important lever for the council and supported the option of \$200 - \$350 million of near-term opportunities for recycling capital from assets.

The RBA did welcome the proposal to introduce a COVID-19 Rates Postponement Scheme, but asked that Council reconsider extending the Scheme so that commercial landlords could apply for postponement if they were passing the benefits on to their tenants or that business tenants under financial stress could apply through their landlord.

On the proposal by the Council to suspend the Accommodation Provider Targeted Rate (APTR), the RBA submission made it clear that the RBA did not support the APTR in principle and the preference was for the government to introduce a levy on international visitors to fund tourism projects when the borders reopened.

While the RBA appreciated that the business differential was still being reduced in accordance with the long term differential strategy, fundamentally, the RBA position was that it did not accept the view that a business differential should be applied to rates, especially for reasons proferred by the Council that "businesses are better able to manage additional costs than residential properties" or because "businesses can claim back GST and expense rates against tax."

Finally, the RBA raised concerns about the underspend of the Regional Fuel Tax (RFT) by \$268m in its first year and asked how the underspend of the RFT was been factored into the Emergency Budget?



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Todd Muller chooses Rosebank for first speech to the Nation

The new National Party leader Todd Muller chose Rosebank to give his first speech to the nation as Leader of the National Party on Friday 28th May.

Wayne Eccles and Ross Vincent from Anglo Engineering welcomed Mr Muller, and National's Finance spokesperson Paul Goldsmith and Economic Development spokesperson Judith Collins, to discussions around the current Covid lay of the land for their business, a company with a 60-year history and an obvious emphasis on valuing their staff and the relationships they have with their customers. Looking from the window in their boardroom with a bird's eye view of the large state of the art factory floor, it is hard to believe they have only been in Rosebank for two years. Down

on the floor, a tour was given of Anglos

factory revealing their investment in the latest

CAD software, manufacturing techniques and robotic

production plant. Innovation clearly being at its forefront with a focus on constant improvement of systems and efficiencies to the greater good of their customers.

Further along down Rosebank Road, they were greeted by Rosebank Board Member and

Blum Managing Director Michael Hawkins at Blum's upmarket Head office, and joined by National front benchers Paul Goldsmith, Judith Collins, Amy

Paul Goldsmith, Judith Collins, Amy Adams and Nikki Kaye.

Michael took the party on a tour of Blum's World Class warehouse where high tech capabilities of their robotic picking are carried out by online orders sent through to cranes that automatically place items in front of a staff member for packaging. Todd Muller then addressed a large crowd in Blum's stylish showroom where Leaders gathered from Rosebank Businesses, and included Rosebank

Business Association Board Members Bernie

McCrea, Darius Singh, Stefan Crooks, Hamish Mackie and Janine Roberts. Local Whau Ward Councillor Tracey Mulholland and Hon. Alfred Ngaro, National List MP were also in attendance.

Todd Muller is underpinned with a business background, which is clearly an advantageous position right now with unemployment forecasting rising to 10 per cent and more than 100,000 people predicted to lose their jobs. Via Nationals proactive rather than reactive approach they announced a \$10,000 JobStart scheme. "JobStart will give small business owners greater confidence to hire new people," Mr Muller announced. "Small business owners who create jobs will be the heroes of this economic crisis, in the way that our nurses and doctors and all five million of us who stayed at home were the heroes of the health crisis".

With an incentive to create business growth again, this scheme could provide 50,000

scheme, business owners would be given a \$10,000 cash payment directly for each new employee, split into two payments - \$5,000 when the new employee was hired and \$5,000 following the completion of 90 days. For each additional staff member \$10,000 would be provided. The cost of the scheme is capped at 10 employees per company, or \$100,000, with a total cap of

\$500 million. Mr Muller said the scheme would begin on November 1st and run until the end of March 2021.

new jobs. Under the JobStart

The National Party is in favour of a Trans-Tasman bubble and being in level one now, saying: "National does not start by saying everything should be closed unless the Government says it can be open. Instead, our guiding principle is that everything should be open unless there is good reason for it to be closed."

National are vocal about supporting small businesses "They are the backbone of our country because they provide jobs and work to almost a third of New Zealand workers, and produce more than a quarter of our country's income each year - and because they can be so innovative, agile and potentially grow at a much faster rate than big business," said Mr Muller.

Mr Muller stated maintaining the broad macroeconomic framework of an open economy, an independent Reserve Bank and flexible labour laws, voluntary unionism and a broad-based, low-rate tax system were key to New Zealand's economic recovery.

The visit concluded with light refreshments and further, more focused discussions with members of the attending audience.





Hon Alfred Ngaro National List MP based in Te Atatū



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Te Atatū Office Level 1, 288 Te Atatu Road • 09 834 3676

alfred.ngaro@parliament.govt.nz 🕧 alfredngaromp 🌐 alfredngaro.co.nz

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RBA and The Icehouse award scholarship

The Owner Manager Programme is a residential workshop run by RBA Partner The Icehouse. The Icehouse and RBA have funded a series of scholarships to the programme which has been specially created for high calibre business owners who want to develop a better awareness of what drives business growth and understand how analysis and fine-tuning can solve their business problems. Real skills. New opportunities. Better results. It also provides owner managers with improved work/life balance and a new approach to mental and physical health.

"For The Icehouse, strong, aligned partnerships have been a critical part of our journey since our beginning in 2001. It was great to formalize our partnership relationship with Rosebank Business Association last year and be able to work more closely with Mike Gibson and the RBA team in support of local Rosebank businesses. The initiative and impetus that is at the heart of why and how RBA was established is so perfectly in sync with the Icehouse purpose and intent.

Our ability to collaborate with Rosebank Business Association by exposing their community and the owners of SMEs in their area to the work we do to lift the capabilities and aspirations of owners and help them to take their businesses forward, is a seamless fit. An example of this is the joint RBA-Icehouse Owner Manager

Programme scholarship that has been awarded to Laser Electrical. We are really looking forward to having Josh Lawrence with us on OMP51, "says Liz Wotherspoon, Head of Growth at The Icehouse.

Josh Lawrence, Shareholder and co-owner of Laser Electrical with Michael Clemmett is the initial awardee of the scholarship. Josh says he was flattered to be awarded the scholarship and is looking forward to the challenge. We spoke to Josh and asked him what the programme meant to him. Josh says, on a personal level he is keen to expand on his skills and knowledge through the workshop programme, to be exposed to different ideas and to increase his ownership participation in the company.

Laser Electrical were planning acquisitions and expansion prior to Covid 19, however their focus now is on the continuity of the business. With a loss of 10 – 15% on last year, they are better off than many. For the company of 65 employees, Josh sees his participation in the Owner Leadership programme as an opportunity to enhance his leadership, challenge current ideas, future proof the business, and gain new techniques and frameworks. He is also looking forward to the mentorships and strong network of other successful owner managers through the programme.



Guiding New Zealand businesses into the future. Scholarships available now.

www.theicehouse.co.nz/1000and50



Anglo Engineering

The global company, doing it their way in Rosebank

Anglo Engineering, located on Rosebank Road, was developed to be a company with long-term goals - a deep thinker if you like. Its key values: quality, service and integrity can all be seen in the way the company works with its clients.

"We are not simply an engineering company," says co-owner Wayne Eccles. "We like to think of ourselves as a business that does engineering. This means; when we look at the engineering projects we deliver, we also investigate the big picture, seeing how we can save the customer money, create better workflows and deliver the most effective solution at every step."

The company is predominantly involved in sheet metal engineering, although another aspect of their work involves manufacturing large bespoke seismic frames for battery backup systems. At the other end, the company can work to a much smaller scale and has been involved with jewellers and artists like Peter Minton and Jeff

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Thompson, making one-off creations.

It has been 58 years since the company was started and two and a half years since the company moved to Rosebank Road. The new space, at 2,500 square metres, provides plenty of room to create a workspace which flows carefully through well thought-out stations.

Ensuring good system and flow channels was important to the organisation and the new building gave them the opportunity to do this.

"All of what we do here has been done in a careful and planned way," says Wayne. "We continue to invest a lot of time into how we can do what we already do, better - kaizen. It's a win/win for both the customers and Anglo, as these changes have often resulted in improvements to the product, method and overall cost."

From above the factory floor a large window looks down, giving viewers an understanding of the flow channels below. The window

QUALITY, SERVICE & INTEGRITY

EASY WORDS TO SAY, HARDER TO LIVE BY



Anglo Engineering manufactures sub-contract and turnkey sheetmetal components for local and export markets.













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has been aptly named 'the window of opportunity' and it sits in the meeting room where the company engages with clients.

To supplement the work-flow space, the company recently introduced tablets to the workplace. The software system shows everything; from what employees are currently working on, all the relevant job information, what needs to be moved through or where a job needs attention. It also takes care of the various forms and requests staff need to fill out, negating unnecessary paperwork.

"The tablet system is great as it gives real time information to those who need it and allows us to give

focus where it's most important" says Wayne.

> Innovation is important to Anglo Engineering and their nous for this has earned them highly coveted 'supplier of the year' awards from Gallagher, for many years. As a major supplier

existing work to help their business.

"We love to build lasting relationships with our clients, and many are long-term," says Wayne. "We like that we can go on a journey with a company and look to build continuous improvement processes with them."

Forging relationships within the team is also hugely important and a recent move saw integrated team leaders moving to the forefront of the floor management process.

"We selected staff already on the floor to become leaders. We did this to ensure the teams were run with an open and honest approach," says Wayne.

Providing growth within the company has always been important to Wayne's leadership style. Johnnie West, a machine operator at Anglo Engineering, moved into the design team because of his understanding on how the CNC machinery worked. He is now fully trained in the design systems and brings a first-hand understanding of floor machinery to the design team.

All of what we do here has been done in a careful and planned way.

Keeping on top of emergent technologies is of huge interest to the company. Every couple of years, management visits Japan and Australia to attend engineering events to see new machinery trends being developed and how they might assist future improvements.

A new robot welding machine, nick-named Daphne, was recently purchased to assist completing repetitive work. Wayne says the beauty of Daphne is not that the skilled worker isn't needed - it just frees them up to do more interesting work, leaving the machine to focus on the tedious jobs precisely and efficiently.

Anglo Engineering is always interested to talk to new clients and see how they can work together. For those interested, Wayne offers a \$2 tour of the premises, refundable on completion of the tour. It is with this tour one can really understand the scope of work undertaken at Anglo Engineering and see for themselves the thought gone into the overall layout of the space. Nothing has been placed anywhere without thoughtful consideration.









www.pathwaystrust.co.nz

Pathways to the Future Trust Awards

A not for profit Charitable Trust that was set up in 2007 as a joint venture between the RBA and the Rotary Club New Lynn.

The Trust's objectives are encouraging and rewarding young employees who use their "attitude and aptitude" to determine their "altitude" and who contribute to the success of a business in West Auckland.



The Pathways to the Future Trust needs your help!

We have a goal of raising \$20,000 per year to enable the Pathways Trust to continue awarding young employees in our business community to grow and develop their pathway within the business that they work for!

"Alone we can do so little, by coming together we can achieve so much"

In the last
10 years we have
awarded over \$200,000
to young employees
to assist them in
developing their skills
and grow their
future careers.

Yes,	l am	happy [.]	to pledge	the	following	amount	to s	upport
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Sustainability







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BIODEGRADABLE



COMPOSTABLE



RECYCLABLE



André Hendriks Off The Wall Marketing

Moving towards a better future.

Environmental sustainability is

defined as responsible interaction with the environment to avoid depletion or degradation of natural resources and allow for long-term environmental quality. The practice of environmental sustainability helps to ensure that the needs of today's population are met without jeopardizing the

ability of future generations to meet their needs.

We know that many Rosebank businesses want to change and become more friendly to this planet, reducing waste and contributing to sustainability, but they are struggling with finding solutions or don't know how to start. This could range from finding alternative packaging, labels, or plastic products, to dealing with their waste differently.

An economic system that focuses primarily on maximizing the reusability of products and raw materials and minimizing waste is called a circular economy.

Attitudes towards the use of energy and the importance of the environment are changing. People are becoming increasingly aware of the fact that CO2 emissions must be cut and the pressure on the environment must decrease.

Knowing that we have to take responsibility for our own waste, it

will become something that will affect us all as business owners. The more control we have over what we leave behind, the better we can deal with it.

We are able to work closely with many businesses, who have the knowledge and tools to guide us, and it would be great to see us start working together on this journey.

By embracing green economic development, your business can be more competitive, gain market share, and prepare for carbon regulation.

By increasing environmentally sound practices you:

- Save money, including savings from reduced waste disposal and energy cost.
 - Access contracts with organisations that have sustainable purchasing requirements.

To work towards using 100% reusable, recyclable or compostable packaging by 2025, we have to create environmental awareness now.

We would like to see more businesses making a change towards a better future. We will go more in-depth in the next Roundabout as to how you can achieve this.

Our aim is to give you the information to help you on your path to greater environmental sustainability, we believe in moving forward and being ahead of the game.

André Hendriks 021 073 4711

towards the use of energy and the importance of the environment are changing.

Attitudes

KEEP IT SIMPLE – PRACTICAL IMMIGRATION ADVICE FOR EMPLOYERS



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Thousands of vege seedlings to help Aucklanders grow their own kai.

Thousands of vegetable seedlings are now making their way to West Auckland families, in an effort to tackle issues of local food security and resilience.

Grow My Kai sees EcoMatters Environment Trust supplying the gardening expertise, while VisionWest Community Trust and Family Action help get the seedlings to households they support.

"When restrictions to prevent the spread of COVID-19 came in, it really highlighted for us the barriers our community faces in getting local, fresh food, says Damon Birchfield, CEO at EcoMatters. "We've got years of experience in growing and raising plants, so we got stuck in, raising thousands of vegetable seedlings as a practical first step to reducing inequality in food access." The emphasis is on making it simple for people to grow and harvest their own leafy green vegetables, with plants including pak choi, silver beet, spinach, lettuce and more in one large bucket.

These leafy greens were chosen because leaves can be cut off to eat, while the plant is left to keep growing. It's also fine to leave

them in the large pot they're supplied in, so there's no special tools needed to grow them. "Fresh vegetables are one of the critical items to include in food parcels as they provide essential nutrition to families, says Lisa Woolley, VisionWest's CEO.

"These seedlings are a real game-changer in that respect, offering more variety in people's diets and providing an opportunity for food education around growing and preparing them."

"We hope this initiative will fill an immediate gap by providing fresh, healthy food and empower more people to have a go at growing their own food simply and cheaply," says Damon.

Grow My Kai seedlings are being given to families in need who receive an emergency food parcel through partner organisations.

Vegetable seedlings can also be purchased from EcoMatters, with proceeds going to help more West Auckland families grow their own kai. Financial donations or unwanted excess plant pots, seeds or seedlings are also welcomed to help continue this initiative.

Visit **ecomatters.org.nz/grow-my-kai** to find out more.

Anna Kary ann@ecomatters.org.nz 021 128 3568



Member Profiles

We profile **New Members** of the Rosebank Business Association

Storage King

Locked into space

Storage King is the largest self-storage organization in Australasia, which started in Australia in 1998, and then moved into the New Zealand market in 2005 with the Avondale branch coming onboard with the Storage King brand soon after. Nowadays there are 167 Storage King branches nationwide and the Avondale storage site is one of the biggest Storage King's in New Zealand, along with "what is believed to be the longest hallway around town" stated by Avondale branch manager Monique Healy.

No matter what needs storing, Storage King can accommodate with spaces ranging from extra small (ideal locker sized) through to extra large storage spaces (commonly used by commercial operators, and sometimes even the five-bedroom home) as well as a separate option to store your car.

Storage King offer a range of packaging cartons to help you with your move, along with the use of a free truck for up to four hours if needed to transport belongings to the Storage King Avondale site. They have also just taken on a selection of 3m products that include scissors, picture hooks etc. along with your standard bubble wrap, tape and mattress covers to help make packing less stressful.

There is an assortment of padlock options to choose from with your own individual access card to allow you to come and go as you please as well as the assurance of extra monitored security on site.

Storage King is an M.P. I (Ministry of Primary Industries) approved facility which allowed them to continue operating over the COVID-19-tiered level situation as some of their storage lockups were food storage areas and so deemed as an essential service. Monique has noticed that as Rosebank has opened again, a lot of people that were previously locked into three-year leases are now doing it month by month and there has been a large increase in commercial companies signing up for storage space.

Storage King - fitting belongings into any space.



Storage King 379 Rosebank Road, Auckland 1026 Phone: 09 887 8299 www.storageking.co.nz/avondale



Partmaster

The driving force

Partmaster is a New Zealand owned business which has been operating since 1996 and originally grew from a family business - Covic Motors, situated on Lincoln Road in Henderson. Entering its 25th year the company has grown and now has 16 branches throughout New Zealand with 110 employees.

Partmaster supply aftermarket car parts to your local auto trade market and carry over 200,000 lines with the potential to source many more. Their exclusive aftermarket portfolio includes brands like Gunk, OE+, Discover Mixtech and Royal Precision Lubricants as well as an extensive range of mainstream brands.

With Repco and BNT as their main competitors, Partmaster's main point of difference is that they are 100% kiwi owned and have a vision to be New Zealand's 1st choice for automotive aftermarket specialist parts. They are constantly working on initiatives and made the move to Rosebank Road late 2019 building a state-of-the-art distribution centre to better service workshops out West with greater ease.

Values play a very important part within this company, with TRIBE (a group of people who share the same culture and values), along with ENERGY (smashing expectations is what drives us), as well as TRUST (we are 100% Kiwi, giving 110% service). Add ENGINEUITY (geared to improve our environment), rounding off a very nice mixture of beliefs to work by.

Partmaster is all about people, and loyalty speaks volumes as is evident with many of their employees working for the company over 15 years who are able to supply knowledge and experience that only comes with time.

Being an essential service supplier, Partmaster was operating during COVID-19 Level 4 at around 20% of operational capacity but are now back to almost full steam and have set up a sixperson specialist trade team call centre to ensure a 100% call compliance and customer satisfaction

As Partmaster's mission statement states "Driven to get people home safely", a mantra when married with the company's values and vision statements sets them in good stead for the road ahead.

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Kim's Corner

Kim Watts RBA Membership Manager Phone: 021 639 509. kim@rosebankbusiness.co.nz



I have been pounding the streets these last couple of weeks updating information to go in our edition of the Business Directory and it was lovely to finally get out and start meeting our local businesses. It has been interesting to hear everyone's stories and it is fair to say that each and every one of us has been affected differently over the COVID-19 lockdown period with some businesses experiencing some very tough

times indeed. Most businesses who were able to operate over the Alert Level 4 period were only operating at a very low percentage of their usual work capacity with the rest of us returning to Rosebank at progressive intervals as restrictions were lowered. What does appear to be prevailing is that good old attitude of kiwi perseverance, resilience and adaptability to try something else when the current model no longer works for them.

On another positive note, it was nice to be contacted by one of our local businesses looking for temporary factory workers and the response was fast and appreciated. The Rosebank Business Association is here to help in any way possible so don't hesitate to pick up the phone or drop me a line, kim@rosebankbusiness.co.nz

I do have some exciting news; Healthy Families and the Rosebank Business Association are putting together a Workplace Wellbeing project that will be aimed at focusing on designing a recovery pathway for the Rosebank businesses where wellbeing is a priority. It will look at how wellbeing-based solutions can be designed that drive productivity and prevent job losses as well as supporting organizational revenue and profits, culture and engagement within workplaces and its workers. I believe this is a very important topic given the situation we are currently working through and wellbeing needs to be prominent on all our minds as we endeavor to move through each day. I can't wait to see this project develop and will keep you all informed of the progress as we go.





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Warwick Russell SMEtric Insights

Time for a virtual CFO?

In times of economic crisis or when your business grows beyond being small and simple, things can get far more complex. In normal times you might have complete visibility of what is going on around from day to day because there just aren't that many moving parts to grapple with or they are following a predictable pattern.

But at times like this, with monthly results and cash flow being volatile and

unpredictable, many business owners feel they are flying by the seat of their pants.

More than anything you just want to be able go home at night and switch off, having peace of mind that tomorrow will not be the day that you wake up and all your fears about losing everything become a reality.

Now is a time when there is value in having an experienced, strategic, commercially savvy industry specialist on the team, part time - a virtual CFO. Most business owners think if they have a tax advisor and a bookkeeper, they should have all their bases covered. But if you are being pulled into a daily battle with your financial management problems, you could need a virtual CFO.

Different types of accountants

Tax accountants offer strategic advice to help accumulate and protect private wealth, using tax structures to legally minimise tax and keep the IRD happy. Their focus is on the past.

Virtual CFO's are fully qualified accountants, with many years of commercial/ industry experience to make them experts in

businesses like yours. Most have worked in larger companies and have seen the systems and operational processes that are needed to successfully grow and prosper. Many will have learnt from weathering previous crises.

Why now is good to get a virtual CFO

Businesses now need strong, steady financial leadership to focus on survival, stabilising the business in the short term and positioning it for recovery. For many businesses, cash isn't just king - it's now critical for survival.

Addressing the immediate crisis

They will need to address the immediate crisis by assessing the businesses liquidity and develop various scenarios. They will need to preserve cash and project the effects of the pandemic on various aspects of demand and supply.

Stabilising the business

The next step for the CFO is to ensure the business is positioned to operate effectively in the new normal. This will include making operational improvements to improve productivity and performance.

Thriving in the next normal

Crises are often opportune times to restructure parts of the business that require transformation.

Virtual CFO services in the broader business community is set to explode as the economy gears up for a re-start. With the increasing use of digitization, it is now easier to model different scenarios, produce new financial forecasts, improve reporting and share dashboards across the team.

In time, businesses will find a new equilibrium and virtual CFOs will be key to ensuring businesses not only survive the current crisis but thrive in the next normal.



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Inetora is a partnership of business professionals who have many years of real business experience. Our passion for business performance has led us to focus on the systems and software that are pivotal to business success. We provide Epicor ERP implementation and consulting, and performance management services and software.

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Nick Stanley, MyHR

The Triangular Employment Amendment Act and what it means for your business

On 27 June 2020, the Employment Relations (Triangular Employment) Amendment Act came into force.

The Act amends the Employment Relations Act 2000 and gives workers in triangular employment situations the right to raise a personal grievance claim against the employer and/or the company where they are working.

What is triangular employment?

Triangular employment is where someone is employed by one employer, but working at another business or organisation (the 'controlling third party') that directs or controls their day-to-day work.

Common examples are people working for temp agencies, recruitment or labour-hire firms, or employees on secondment from their employer to another organisation.

The law change

Previously, employees could only bring a personal grievance - e.g. for discrimination, harrassment, or unfair dismissal - against the person or organisation actually employing them, even if the actions that lead to them raising the claim were those of the controlling third party.

In resolving a claim, employers couldn't have the third party join the proceedings, even if they considered that their actions caused or contributed to the grievance.

Now, either the employee or the employer can apply to the Employment Relations Authority (ERA) to add a third party to a personal grievance claim, and any remedies can be apportioned to the responsible parties.

Employees have 90 days from the date the alleged action occurred or came to their notice (whichever is later) to notify the third party.

Employers have 90 days to notify the third party from the date the employee raised the personal grievance with them.

If your business regularly uses recruitment agencies or temp workers, you need to be aware of your increased obligations.

How it works in practice

The Act recognises that triangular employment arrangements are increasingly common and provides more solid protections to the growing number of people that work in them.

It is designed to alleviate problems with long-term temping or labour-hire situations that eroded employment rights via arms-length contracts with agencies. But it has wide implications, as short-term temps may also take a grievance against their employer or controlling third party.

If your business regularly uses recruitment agencies or temp workers, you need to be aware of your increased obligations and accountability under the Act.

Being a responsible employer and engaging in sound employment practices, even if you are a third party, is always the best approach.

Tips to help protect your business

In order to protect your organisation under this new law, there are some simple things you can do:

1. Avoid long-term temporary employment relationships.

Even the term "long-term temporary" is a misnomer; temp means temporary.

Temporary workers, hired via labour hire agencies, can be extremely useful to help with seasonal peaks, project work, or short-term cover. But if your business is going to need the labour for more than 6 months, then you should consider hiring the workers and putting them on your payroll.

2. Treat all your people the same.

Just because somebody is a temp and hired via an agency, doesn't mean they're a second-class citizen. For the period they are with you, they are performing a valuable function (otherwise why would you have them?), so treat them as part of your team. This will help avoid claims of disadvantage or discrimination and build a better company culture. Often good temps become permanent employees.

3. Be really clear about the nature of the work requirement with both the temp workers and the temp agency, this avoids confusion and ambiguity that could result in claims.

A clearly-defined role with a clear timeframe will help avoid any disagreement about whether the temp has a claim for actual, ongoing employment. Even if you can't provide a specific end date, try providing a date range.

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For more information contact MyHR on 0800 694769.



Bret Gower
Smith & Partners Lawyers

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Benefits and Pitfalls of an Employee Share Scheme?

We are occasionally asked to assist clients with the formation of an employee share scheme ("ESS"). An employee share scheme is a legal structure a company can use to give or sell shares in the company to its employees. Client's reasoning for forming an employee share scheme can vary depending on the type of business and the stage the business owners are at in the lifecycle of their business.

What is the purpose of an employee share scheme?

Objectives for establishing an employee share scheme can often include:

- a retention incentive for key employees;
- an exit strategy for current owners;
- a mechanism to expand the ownership structure of the firm;
- a longer term capital appreciation opportunity for employees than the cash bonus, or;
- a way for growth companies to promote staff loyalty while conserving cash for operational reinvestment.

Employee share schemes are considered effective by some employers because the vesting terms of the shares can be linked to continued employment - which can 'hand-cuff' an employee to stay with a business in a way that shorter term incentives cannot.

Potential issues with employee share schemes

Potential issues that arise in relation to employee share schemes include: the tax treatment of benefits provided to employees; the complexity or otherwise of the scheme; and the ability of the business to link performance to benefits provided.

Compliance may also be required with the Financial Markets Conduct Act which regulates the issue of shares to members of the



public and employees (there are certain exceptions and limits to the number of shares that can be issued under an ESS).

Different Types of employee share schemes

There are a range of different types of employee share schemes, each with differing benefits to employers and employees and some more suited to large or high growth companies. Generally, the tax implications for the business with these types of scheme are low depending on how the schemes are structured.

Employee share loans (ESL)

In this structure the company provides a loan to employees to buy shares at market value and often the loan is repaid to the company by applying the dividends that accrue from the employee's shares. The loan may or may not be interest-bearing.

The valuation of the shares is based on the value of the underlying shares at grant date and the complexity of these types of scheme is relatively low, unless the company has issued put/call options on the shares.

A put option gives the holder of that option the right to sell the shares at a predetermined price (the strike price) until a predetermined date (the expiry). Alternatively, a call option gives the holder of that option the right to buy the shares at the strike price by the expiry date.

Partly paid shares

In this type of scheme, the company grants the employee partly paid shares. The outstanding payment amount for the shares can be called by the company at a later date.

As with employee share loan schemes the valuation of the shares is based on the value of the underlying shares at grant date and



the complexity of these types of scheme is relatively low, unless the company has issued put/call options on the shares.

Different share classes

In this type of scheme, the company grants the employee shares at market value with different rights, for example the shares might exclude voting rights yet entitle the shareholders to receive dividends.

The shares are valued according to the value of the underlying shares at grant date. This type of scheme is moderately complex in both the initial implementation and the ongoing administration of the scheme.

Performance rights

Here the company grants the employee shares once specified performance hurdles have been met and consideration for the shares can be nil or negligible.

In this type of scheme, the company values the share rights at grant date together with the value of the underlying shares.

The right to be granted shares will usually have an expiry date and the complexity or otherwise will largely depend on the terms of the scheme.

Options

The company grants employee options to buy shares at a future date at a specified or bench-marked value.

In this type of scheme, the company values the share options at grant date together with the value of the underlying shares. The right to be granted options will usually have an expiry date and the complexity of this type of scheme is moderate to high in both the initial implementation and the ongoing administration of the scheme.

Phantom share schemes

The company provides the employee with a cash payment which is referenced to the company's share price. This is not a true shareholding by the employee but effectively a bonus tied to the share price performance.

Valuation in this type of scheme is based on the value of the phantom options at grant date together with the value of the underlying shares, and implementation. Administration complexity is moderate to high.

Employee share scheme as a way for shareholders to exit

Liquidity in closely held companies is often problematic because the timing of employees wanting to become shareholders often does not coincide with timing of the exit by existing shareholders. In our view an employee share scheme does not necessarily alleviate this

problem for the following reasons:

- Employees will want a dividend stream in return for their investment in the business - which is effectively paying a bonus - and to which shareholders would be entitled to whether the employee has exceeded expectations or not. An employee share scheme does not remove the complexity of measuring employee performance, regardless that the intention is to incentivise employees
- Because most employee share schemes involve payment over time, the dividends that otherwise would be received by employees are applied in payment for shares, so that the only benefit to employees is the hope that the share value will grow and that they will receive benefits in the future.
- The effect of an employee share scheme will be to postpone the problem of senior shareholders selling shares to another generation of owners of the Company, because all employee share schemes by their very nature require a finite term so that new employee-shareholders know when they will be able to sell out, and often the only purchaser at that time will again be the company or other shareholders.
- If a company issues shares through an employee share scheme, the company may be unattractive for merger with or acquisition by another business due to the burden of the employee share scheme.

Over many attempts with clients pursuing employee share schemes very few have been successful due to the mismatch between the timing of employees' exit from the company — and the company or other shareholders' obligation to buy those employees' shares at that point. While we are neutral about the benefits of a company's implementation of an employee share scheme, we consider it essential to assess the merits of an employee share scheme in relation to each client's circumstances on a case by case basis.

In considering an ESS, clients must at all times remain mindful of their obligations as employers, and if implementing an ESS must recognise the interaction between ESS's and employment agreements (and the need to put that interaction in writing). We recommend you take expert advice from one of our experienced employment lawyers in this regard.

If you have succession planning issues or wish to discuss employee share schemes or other employee incentive schemes please contact Smith and Partners commercial lawyer, Bret Gower by phone on 09 837 6893 or email bret.gower@smithpartners.co.nz.

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