

Business NZ recommendations to incoming Government: **Sustainable Business**

Business NZ views sustainability in the business context as the ongoing competitiveness of New Zealand business through responsiveness to the legitimate needs and interests of stakeholders including customers, staff and the community.

A sustainable business is one that understands its role in ensuring sustainable management of human, natural and financial capital and is able to deliver on social, environmental and economic returns for its customers, shareholders and the communities it serves.

It needs to be aware of and actively manage its impact on the environment, be socially responsible, secure supply of the inputs required to maintain output capacity, be flexible and innovative in the use of technologies, research ways to achieve increased productivity, be responsive to the needs of employees, customers and the community, and deliver an adequate return on invested capital to ensure continued support for growth from its shareholders.

There are some unique features of operating as a business in New Zealand. New Zealand has a mixed economy operating on free market principles with sizeable manufacturing and service sectors complementing a highly efficient agricultural sector. As the export of goods and services accounts for around one third of real expenditure GDP, a large proportion of the risks and uncertainties concerning the outlook for the New Zealand economy relate to the global economic outlook, especially around global financial markets and international commodity prices.

In an environmental sense New Zealand has a unique greenhouse gas profile with 49% of its emissions from the agricultural sector. New Zealand produces less than 1% of global emissions and is the 12th highest emitter in the world per head of population. It has a high proportion of renewable energy supply. Its population is becoming increasingly urbanised. It is a long distance from its markets. Water storage, quality and allocation are increasingly challenging issues for some regions. Adaptation to the effects of climate change will become an increasing focus for local government this influences their approach to planning.

New Zealand performs above the OECD average in many domains. Health indicators are lower. Knowledge and skills are commensurate with OECD averages for tertiary educated people. However the rate of increase in productivity is lower than the growth in the average wage.

The above features help define the scope and nature of the sustainable solutions and actions New Zealand businesses must take and it will be important for government policy to align with the aspirations of business.

Business NZ recommendations:

1. Take action in consultation with key players including business to ensure that New Zealand improves its overall sustainability performance in the context of a thorough and understood strategy and framework of action
2. Improve the environment for business, including changes to tax, employment, resource management and other law
3. Achieve balance between economic, environmental and social policies

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