

BUSINESS MANIFESTO 2014

BusinessNZ 
The voice of business

BUSINESS MANIFESTO 2014



THE 2014 ELECTION WILL BE AN IMPORTANT ONE FOR THE ECONOMY AND BUSINESS.

Decisions made at the ballot box this year could affect the ability of business to provide for the wellbeing of people and communities around New Zealand.

There are more parties contesting this election than ever before, with a wide range of perspectives on what might constitute the greatest benefit for New Zealanders.

An important viewpoint is the health of the economy. Policies are needed that support the growth of enterprise, which in turn supports healthy communities.

Businesses and organisations that are members of the BusinessNZ family have shared their views on the policies that matter most to them.

This publication looks at policies needed for New Zealand's success, through the eyes of some key stakeholders, to inform debate at this important time for New Zealand.

Phil O'Reilly
Chief Executive BusinessNZ

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BUSINESS NEEDS



Business Manifesto 2014 summarises the issues that are top of mind for key business sectors – small business, high value manufacturing and services, digital business and regional business:

Small business – the predominance of small businesses throughout New Zealand and huge number of business owner-operators makes this a sector that policy-makers must pay heed to.

High-value manufacturing and services – the ongoing growth and development of this important sector towards ever higher value means it needs to be well understood and represented by our political representatives.

Digital business – the rapid growth and success of many businesses operating in technical fields based on digital data is exceptional - this sector needs informed and future-focused policies.

The regions – communities in the four main regions have differing opportunities and challenges and seek political representation to address their particular circumstances.

While many seek policies specific to their sector, there are also a number of common themes.

The main policies desired by business of all kinds include:

- › policies to improve the supply of skilled employees
- › improvement to key laws that hinder business operations or increase compliance costs
- › more competitive levels of business and personal tax
- › an eye to the future – policies that demonstrate a concern for the sustainability of economic growth alongside environmental and social sustainability.



SMALL BUSINESS NEEDS POLICIES FOR GROWTH

New Zealand is a land of small businesses. They are everywhere throughout the country, engaged in all kinds of enterprise. The vast majority of New Zealand firms employ fewer than 20 staff, and more than two thirds of small businesses are self-employed owner-operators. Among developed nations New Zealand has the highest number of small businesses per head of population. This predominance of small businesses brings a special flavour to New Zealand life.

Smaller firms grow jobs. Small to medium firms (20-49 staff) account for nearly half of all jobs, and small businesses (6-19 staff) account for another third of all jobs in New Zealand. And new firms are being established all the time, creating jobs for New Zealanders.

Small businesses are adaptable, responding quickly to changes in the commercial environment. They are the source of much of our innovation and many new products. They are increasingly engaged in exporting and participating in the world economy.

But small businesses in New Zealand have particular constraints. New Zealand's small size means a small market in which to generate profits – so growth prospects can be limited and competition fierce.

In this environment, business costs matter.

Tax is a key issue. Businesses here face a higher real rate of corporate tax than those in other developed countries - because of New Zealand's relatively lower number of exemptions - and would like to see the nominal rate of corporate tax in New Zealand reduced from the current 28 percent. Many small businesses pay tax at the top personal rate rather than the corporate rate. They favour lower income rates and would be unlikely to look with favour on promises to raise the top rate of personal tax.

Interest rates are also a key concern. Knowing that interest rates are deeply affected by government debt levels, business wants to see political parties promise to keep spending and borrowing under control.

SMALL BUSINESS NEEDS:
Lower tax and interest rates

The competitive environment in which small business operates means innovation is essential. Innovation requires skills, and without the right skills it's hard for small and medium businesses to compete. Skill shortages are always a significant problem identified in BusinessNZ surveys. Skills in short supply include IT, technical, sales and trades skills, as well as basic work-ready skills. 'Soft' skills – teamwork, customer service and interpersonal skills are also in demand. Small business would like to see more funding for training for in-demand skills; more maths, science and technology in secondary and tertiary education; school careers advice better targeted on in-demand skills, and better links between education and business generally.

SMALL BUSINESS NEEDS:
More skilled people



PHOTO: CHRIS WILLIAMS

Laws and regulations – their amount and complexity and the costs of complying with them – can have a big impact on small business. Compliance costs, the direct result of regulation by central and local government, fall more heavily on small firms than large ones. Without specialist in-house accounting, human resources and other staff, smaller businesses are less able to comply with central and local government requirements. BusinessNZ research over a number of years has shown that compliance costs for small firms are around four times higher per employee than those for large businesses. Small business would support political policies aimed at reducing that regulatory burden.



Small business would support a Regulatory Responsibility Act or similar, to set standards for lawmakers to help get fewer, better quality laws.

SMALL BUSINESS NEEDS: *Better laws & regulations*

A Regulatory Responsibility Act setting standards for better quality laws

Employment law in particular can harm small business. Employment law is often focused on large, unionised businesses, and can end up imposing unreasonable costs on small firms. Wage regulation can have especially harsh effects. Higher minimum wage and 'living wage' policies adopted by central and local government can have a flow-on effect on small business, pushing up all wage levels, reducing the ability of small firms to employ, and increasing their costs and prices. Small business would like to see fewer, better quality employment laws and regulations, and would like to see central and local government set wage rates based on performance. The 90-day trial policy has been warmly welcomed by small business, as it provides relief from some employment regulations in the first 90 days of employment of a new employee, while allowing both employer and employee a trial period at the beginning of their employment relationship. Small business would support the extension of this policy to 6 or 12 months, as in other countries.

SMALL BUSINESS NEEDS: *Improved employment regulation*

Less regulation of minimum wages; more wage restraint by central and local government; wage rates in central and local government based on performance; longer employment trial periods

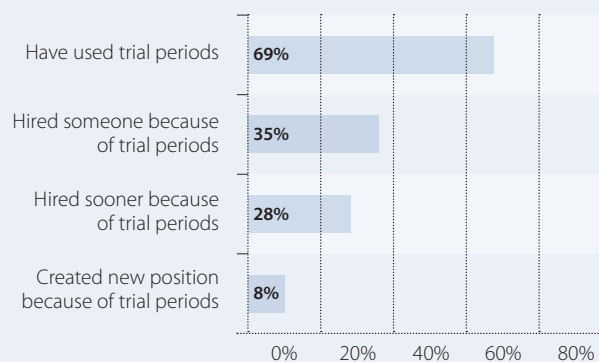
Small business is highly affected by the decisions and actions of local government. Firms in many areas are subject to a business differential – a higher level of rating than domestic ratepayers – simply because they are businesses. They don't receive a higher level of council services for this higher level of rates. Small firms in many areas are unhappy with local government performance in granting building and resource consents.

The restrictions, multiple fees and delays involved in gaining consents can be prohibitive. Small business would like changes to the Local Government Act to remove councils' ability to charge business differentials. And they would like a review of the Local Government Act and Resource Management Act to help reduce the current barriers to consenting.

SMALL BUSINESS NEEDS: *Better performance by local government*

No business differentials; better performance in consenting; review the Local Government Act and Resource Management Act

SMALL BUSINESS: TRIAL PERIODS WORKING



*EMA Survey of 518 employers Dec 2013



HIGH VALUE MANUFACTURING & SERVICES

Manufacturing is New Zealand's largest economic sector, making up around 15 percent of GDP and employing close to 200,000 New Zealanders. Manufacturing is the backbone of the export sector, and is transforming towards ever higher-value, more sophisticated products.

Manufacturing is often seen as producing 'hard' products like machines, vehicles or equipment, and many New Zealand firms are involved in this area. But many more produce 'soft' products – food and beverage items. New Zealand's output of food and beverage products is enormous, more than could be consumed here, and these make up a dominant part of the export industry. New Zealand's manufacturing output is often characterised as 'feeding the world'. Feeding the world is profitable business: New Zealand's manufactured dairy and meat products alone earn around \$7 billion a year.

New Zealand manufactured products are often produced for large international supply chains – components made here are combined with those from other places to create highly developed final products. For example, New Zealand milk powders, meat extracts, fruit and vegetable ingredients, dietary enzymes and other ingredients go to make up many well-known international food products. New Zealand companies also supply components towards large numbers of engineered products made in different parts of the world – components for machines, buildings, cars, yachts, telecommunications equipment, and so on. International supply chains now dominate the world economy, and making components for these value chains is a highly developed, profitable business. Manufacturing for niches in value chains is now core business for numerous New Zealand manufacturers.

Another trend is the bundling together of manufacturing and services. Incorporating services together with manufactured items is happening because products of all kinds are becoming more sophisticated, and consumers are demanding more. Manufacturers increasingly provide after-sales services, customisation, training and customer interaction services and product recycling services, as well as the manufactured products themselves.

These characteristics – soft and hard manufacturing, niche manufacturing, and integrated manufacturing and services – show a manufacturing sector that is innovative and deeply involved in the world economy.

Manufacturers and the physical environment – Manufacturers producing tangible products have close ties with the physical environment. Roads, ports, airports, electricity plant and broadband infrastructure are vital for making and transporting manufactured products. Manufacturers need policies that deliver appropriate investment for all forms of transport, particularly roads, and would not support policies to invest in less flexible forms of transport at the expense of roading. Policies allowing manufacturing firms to use natural resources (e.g. water, land, geothermal power) in a sustainable way are also important. Planning and consenting processes that are unnecessarily restrictive, expensive and slow are a barrier to successful manufacturing.



Innovation needs – New Zealand manufacturers are increasingly competing by innovating – creating new, improved products based on research and development. New Zealand manufacturing is strongly focused on international markets where innovation is essential for survival. The manufacturing sector invests significantly in R&D. Manufacturers would like to see more government support for R&D, especially for late-stage development costs, through Callaghan Innovation.

High innovation also requires skills. Manufacturing businesses need to be able to hire people with the right technical and other skills, and the performance of our schools and tertiary institutions matters greatly for manufacturers' ability to get the skills they need. Surveys of manufacturers show that skills shortages are a constraint on their ability to innovate and compete. Manufacturers say it's hard to get engineers, technicians, IT workers, researchers, scientists, appropriately experienced managers and skilled workers of many kinds. They want the education system to deliver more of the applied skills they need. Manufacturers also want to be able to hire needed skills from overseas. This is currently hard to do, as the work visa system is complicated for employers to navigate. Manufacturers would like to see a simpler and more timely system with more skilled workers allowed in.

The Resource Management Act is in many instances a barrier to business development and manufacturers would support a fundamental review of this Act. Administration of the Act by local councils is also of concern, with businesses being subject to delays, restrictions and multiple overlapping requirements and fees.

MANUFACTURERS NEED: Policies for resources & infrastructure

Ongoing investment in physical infrastructure; no policies that would downgrade roading; a review and rewrite of the Resource Management Act; constraints on how local government administers the RMA; firmer guidelines in the Local Government Act

MANUFACTURERS NEED: Innovation support

More resourcing for Callaghan Innovation; more R&D funding for late-stage development costs; more funding for teaching applied skills in schools and tertiary institutions and less funding for subjects not useful for business or work; a simpler system for hiring skilled workers from overseas, and an increase in the numbers of skilled migrants allowed work visas

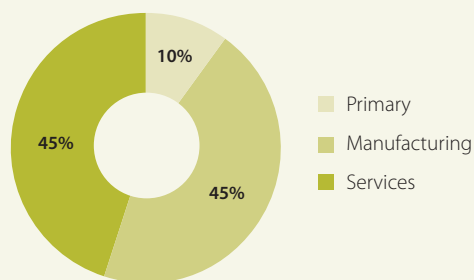
Exporting needs – The manufacturing sector is very focused on export markets. Manufacturing's ability to grow jobs and support communities in New Zealand depends on being competitive in markets overseas. Finding and selling to overseas customers can be challenging, as New Zealand is far away from many markets, making researching, marketing and transporting goods from a distance more difficult and expensive.

New Zealand's small domestic market makes it hard to grow businesses to a size where they are able to compete in overseas markets. So policies and institutions that support exporting are very important for manufacturers. Manufacturers would like to see further support for the work of MFAT and NZTE in reducing tariffs in overseas markets, achieving free trade deals and providing in-market exporter support.

MANUFACTURERS NEED: Export support

Continued work towards more free trade deals in more markets including the Trans Pacific Partnership, and continued support in maintaining and improving business relations in key markets

MANUFACTURING INVESTS IN R&D



Spending on R&D as percentage of turnover (Statistics NZ 2012)



DIGITAL BUSINESS ON THE RISE

From recent beginnings digital business has sprinted ahead of many other sectors in revenue growth.

Applications including accounting, marketing, GPS, healthcare, data analytics, gaming, entertainment and many others, by well-known names such as SilverStripe, Xero, Jade, InterGen, Orion Health, Endace, Snakk Media and many more, show New Zealanders rapidly founding and growing businesses based on digital technology.

IT and telecommunications businesses make up about 5 percent of New Zealand's GDP and employ around 75,000 people. Numbers are not precise, as digital business overlaps a lot with other sectors. It can include businesses that use digital technologies to produce non-digital goods and services; for example, many IT workers are in sectors other than IT, working in companies of all sizes from family firms to Fonterra. The fastest-growing sector in New Zealand – the high-tech sector – has digital technology at its core.

However it is viewed, digital-related business is making a big impact. Depending on the definition, digital exports are now worth between \$1 billion and \$2 billion a year.

Innovation is the hallmark of digital business. The sector is producing twice as many 'new to the world' innovations as other New Zealand businesses. The growth and spread of digital innovation will bring change in many areas. 'Big data' will be an increasingly dominant feature in business. Datasets too large to be manipulated by many of today's ordinary database programmes will in future be unlocked by greater computing power, allowing increases in productivity and growth. Education and learning, including distance learning, will continue to be enhanced by digital technology, with associated business opportunities.

And the spread of digital business will help environmental sustainability, increasing productivity while decreasing resource use.

Connectivity – Progress is being made in rolling out high speed broadband through urban and rural areas, with more than 80 percent of New Zealanders now connected to a network with fibre backbone. However speed is still an issue: on recent rankings New Zealand is only 46th in the world for average download speed, and 39th for upload speed (*Ookla NetGauge 2014; Akamai 2014*). Fixed data caps also affect digital business: New Zealand is one of only a few developed countries still with relatively low data caps. These constraints could be eased with better international connectivity.



IT skills in demand – The IT industry is expanding rapidly and faces constraints on growth because of a lack of people with the right mix of skills. The sector estimates it will need twice as many people working in it soon. New Zealand currently has a deficit of around 10,000 skilled IT people – an enormous gap that is holding back development of many businesses. New Zealand needs to double the annual number of computer science graduates. More people trained on the job are also needed. Another issue is the lack of training in current technologies – employers see many computer science and software engineering graduates that have been trained in out of date technologies.

**DIGITAL BUSINESSES NEED:
More skilled people**

More IT training in education institutions and more up-to-date technologies taught in education institutions

The single Southern Cross submarine cable connecting New Zealand to the rest of the world is not sufficient to provide broadband as fast or cheap as in other places. Pricing offered to New Zealand by the Southern Cross cable is not transparent, and competition from a second cable is desirable. Current proposals for a second international cable (Hawaiki) and an Auckland-Sydney cable (Tasman Global Access) are supported by digital business. If these do not attract sufficient funding to proceed, business would advocate for a public-private partnership to progress another cable connection.

**DIGITAL BUSINESSES NEED:
More connectivity**

Action towards a public-private partnership to fund a second international submarine cable to increase data amounts and speed

BUSINESS SAYS

Digital capability is important for all firms, not just those working in the ICT sector. All New Zealand companies need online connectivity and presence to be competitive, and they need a substantial pipeline of young people with excellent digital skills graduating from schools and tertiary institutions. Business wants government policies that promote digital skills at all levels in the education system.

The environment for business matters for IT – The environment for business is becoming more challenging. Increasingly competitive markets, faster rates of innovation and shorter product life cycles all increase the need for digital companies to be nimble and able to respond to new opportunities. Digital companies need flexible employment law to be able to easily scale up or change staff deployment as circumstances change.

Digital companies need responsible levels of taxation. New Zealand's high real business tax rate is not conducive to new digital business, nor is the current top rate of income tax. Digital business needs restraint in taxation within a stable tax environment. Digital business can be affected by government procurement policies.

Start-up digital businesses benefit from being able to compete for government IT contracts: the ability to gain a government contract can make a big difference to a young business starting out, allowing it to build scale and develop intellectual property useable in future product development. Unfortunately, past contracts have often gone to overseas companies, denying local companies the chance to take their business to the next level.

**DIGITAL BUSINESSES NEED:
A supportive business environment**

Flexible employment policies, lower tax and better government procurement practices



The top half of the North Island is home to the country's largest urban and business centres. Northern business is vibrant, innovative and growing. This election the big issues for businesses in the north include skills, development, and the economy.

Skills shortages biting hard –

Getting skilled employees is a pressing issue for businesses in Auckland and the urban areas of the north. The education system is not delivering enough of the right skills, say northern business. The greatest areas of shortage are technical skills of many kinds, including engineering, IT and trades. Innovation – creating new, improved goods or services – is essential for businesses to compete. But meaningful innovation usually comes from those most skilled and most involved with a company's core business, and can't occur without a high level of relevant skills.

Northern businesses would like to be able to hire skilled workers from overseas but find the visa system hard to navigate. They have to prove there is no New Zealander qualified and available for the job in order to hire a migrant; and when it's time to renew their visa they have to repeat the process again. They say the burden of proof should lie with Immigration NZ, not employers,



NORTHERN BUSINESS

and skilled workers who have the support of their employers should be able to have their visas extended automatically.

Skills are affected by education policies and practices. Businesses in the north are concerned at the low level of attainment of many young people leaving school, and say completion of schooling should be based on achieving education standards.

NORTHERN BUSINESS NEEDS: More skilled people

More emphasis on technical and trade skills; simpler processes for hiring skilled workers from overseas; automatic extension of temporary work visas for skilled workers who have the support of their employer; employment readiness certificates issued to school leavers

Development barriers – The northern business area is dynamic and growing. Businesses seeking to expand and grow often run up against planning and consenting processes that create hurdles and delays. Northern businesses say there's a need for better planning and consenting processes, as local government appears unmoved by business needs, creating multiple requirements for information and consultation, multiple layers of fees, and a lack of timeliness in consenting. The Resource Management Act is part of the problem, says EMA Chief Executive Kim Campbell, as well as the way it is administered by local government. *"We need all local authorities that issue building and resource consents to publish a standard for the total elapsed time between a consent application being submitted and being granted – with unreasonable standards*

subject to judicial review – and to publicise their performance in meeting those standards. We would like to see consent functions delivered by a single point of contact in each local government territory."

NORTHERN BUSINESS NEEDS: Better consenting for development

Better consenting practices by local government; local authorities required to set and meet standards for the total time taken for a final consent to be issued and for these standards to be subject to judicial review



To offset this difference between tax systems, business would like to see the nominal rate of corporate tax in New Zealand set much lower than the current 28 percent.

Business would like to see more incentives to invest in R&D and innovation, including soft loans; an increase to 67 years for entitlement to superannuation to ensure it remains affordable; tax on KiwiSaver reduced to 15 percent and the KiwiSaver tax credit removed.

The overall desire by northern businesses is to have policies that don't drain but help grow the economy. Keep the social safety net in place, they say, but keep government spending under control.

NORTHERN BUSINESS NEEDS:

Better quality government spending

Lower business tax; more R&D incentives; higher entitlement age to superannuation; less tax on KiwiSaver and no KiwiSaver tax credit; protection of the social safety net but better targeted social spending

A healthy economy – A key concern for northern business is the economy. EMA's Kim Campbell says business is deeply affected by the strength of the economy. *"Whether we have the right level of business tax, whether there's good consumer demand, incentives for R&D, and not too much in the way of compliance costs – these things are life and death to business. Overly expensive social spending ends up costing business more in tax and creating a deadweight cost on the economy."*

Business tax is a pressing issue for firms in the north. New Zealand firms pay a higher real rate of corporate tax than those in other developed countries: although our nominal business tax rate is fairly average, the real or actual rate of tax paid by New Zealand firms is the highest in the OECD, because our tax system is broad-based and comprehensive, with few exemptions.

EMA for northern business

EMA is based in Auckland, with offices also in Whangarei, Hamilton and Tauranga.

The largest of the regional associations, EMA serves many thousands of member businesses in the upper North Island. The EMA AdviceLine answers around 40,000 advice calls a year on issues including employment relations, leave, health and safety and remuneration. EMA runs more than 700 training courses and events annually, holds regular member briefings in 30 locations, and lobbies for better business policy with local and central government, especially on regional business issues.



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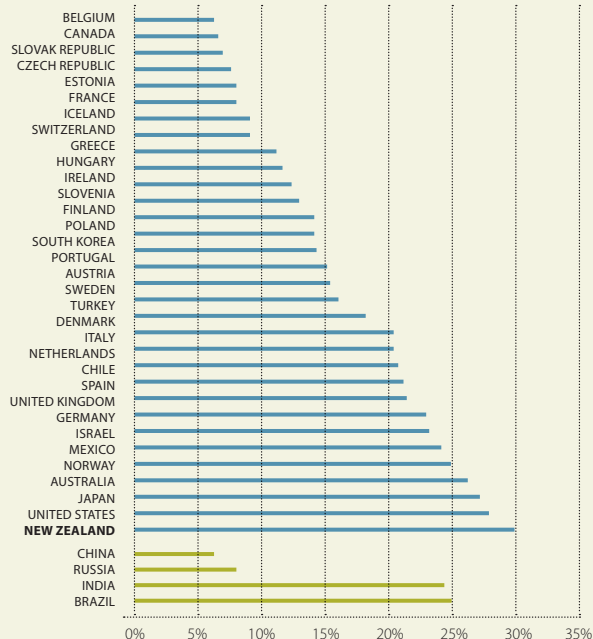
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NZ HAS OECD'S HIGHEST ACTUAL CORPORATE TAX RATE



NZ's broad-based, largely exemption-free tax system means the rate of actual corporate tax paid is the highest in the OECD (PricewaterhouseCoopers *Paying Taxes The Global Picture* 2014). To offset this difference between tax systems, NZ business would like to see the nominal rate of corporate tax in NZ set much lower than the current 28 percent.



Regional growth – The central region has a mixed economic picture. With urban centres smaller than in the north, industrial development has in the past been limited to servicing rural enterprise and light industry. *“Greater growth prospects are possible with further investment in the primary sector and support for emerging and new industry sectors,”* says Business Central Chief Executive Raewyn Bleakley.



CENTRAL BUSINESS



Central business wants policies to encourage investment in new enterprise, including lower corporate and personal tax and reduced business compliance costs. The central region has unique opportunities in new and emerging ICT and high-tech industries, where there are shortages of appropriately-skilled staff, and a need for a better supply of people graduating from school and training with technical skills. Creative and film enterprises are also significant in the central region. Such enterprises are often short-term and temporary, and the required skills are in danger of being lost to the region without other employment prospects being available. Attracting and retaining more creative, high-tech and knowledge-based industries would retain valuable skills and bring a stronger regional economy.

CENTRAL BUSINESS NEEDS: *Policies to support regional growth*

Lower tax and reduced business compliance costs to encourage business investment; more in-demand technical skills to grow ICT and high-tech industries; more opportunities for creative enterprises through regional growth

Infrastructure key to regional growth – The central region's strategic location requires sound transport infrastructure. The roading network needs continual improvement to ensure effective transport of goods and services through and beyond the region. Central businesses support the development of the Wellington Northern Corridor for a more reliable connection with Wellington's port and airport.

Business is convinced that extending Wellington Airport's runway holds the key to greater benefits for the economy, particularly for education and tourism, and for greater trade and connectivity. Generally, central business is concerned that this region's infrastructure development needs could be overlooked in light of Auckland's and Christchurch's pressing needs.

CENTRAL BUSINESS NEEDS: *Infrastructure improvement*

Fast upgrade of the Wellington Northern Corridor; extension of Wellington airport runway; continued upgrading of the region's roading and other infrastructure to a level not less than that of Auckland and Christchurch



Central and local government employment policies can contribute significantly to business costs. Collective bargaining rules in employment law drive up wages in the public sector, increasing hiring costs for private sector businesses in the central region. Central business would like to see efficiencies in local government service delivery and restraint in local government spending to allow for lower business rates. Business Central Chief Executive Raewyn Bleakley says business supports local government amalgamation. *"We believe amalgamation is necessary to provide one unified, clear, and consistent vision for the region."*

CENTRAL BUSINESS NEEDS:
More efficient and effective government

Better government procurement policies; more consideration of the cost impact on the private sector of public sector wage policies; local government efficiencies to drive lower business rates; amalgamation of local councils in the central region

Dealing with Government –

Government is a dominant presence, major employer and purchaser of goods and services in the central region, with policies and practices that affect many businesses. Central region businesses are often bidders for government contracts and say contracts often go overseas with the cheapest bid - but such contracts often do not take account of servicing and other whole-of-life costs that could be minimised by a local supplier. They would like to see government procurement policies and practices that take better account of the ability of local businesses to provide value to the public sector.

BUSINESS SAYS

Local government can have a strong impact on business – for better or worse. Many costs borne by business are generated by their local council: rates, business differentials, development contributions, consenting costs and others. Restraint in spending by councils could help reduce costs for local businesses. Local businesses also lose out when councils set up competing enterprises - tourism centres, car park buildings, cafes, cinemas, franchises for Kiwibank and Lotto and other enterprises. Councils can use their rates revenue to underwrite such enterprises, making the competition unfair. Business would like changes to the Local Government Act to remove councils' ability to charge differentials and to compete against local enterprises.

Business Central is the voice of employers and business in the central region of New Zealand, representing employers in Wairarapa, Manawatu, Hawkes Bay, Gisborne, Taranaki and Nelson. Business Central is one of the four regional organisations of BusinessNZ and is also accredited through the New Zealand Chamber of Commerce network as the Wellington and Wanganui Employers' Chambers of Commerce. Business Central advocates policies that reflect the interest of Wellington's business community and the development of the Wellington economy as a whole.



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Big issues for Canterbury businesses in 2014 include the rebuild, water and skills.

The rebuild – Post-earthquake Christchurch faces great challenges in getting infrastructure and services to support growing business. The integration of all the elements needed, including roading, transport services, drainage, water and waste services, telecommunications, buildings and others, is a huge undertaking.

Canterbury Employers' Chamber of Commerce Chief Executive Peter Townsend says the city is in new territory in seeking to create order and development from the unprecedented chaos left in the wake of the disasters of 2010 and 2011. *"The greatest need is to resolve the cascading constraints of construction. The complexity of the task means we need a master plan into which all current planning can be placed. Sorting the supply issues – including importing building supplies and collaborating to build scale – must be a key part of that. Our biggest need is for a master plan for the entire city."*

CANTERBURY BUSINESS NEEDS: **Master plan for the rebuild**

A master plan in which all current planning can be incorporated, including planning for roading, transport services, drainage, water, waste, telecommunications, buildings, supplies and others

Water – Canterbury's reliance on ground water supplies is unique in New Zealand. The strength of the Canterbury farming sector and the industries based on Canterbury rural resources depends to a great extent on irrigation. Farms and businesses in the region need better security of water, and reassurance that they will have certain water supply into the future.

The current 'first come first served' approach to water rights was practical when the population was smaller and water needs were less intensive, but no longer works. Canterbury business supports the work being done by the Land & Water Forum to find a way to allocate water rights – rights to take water as needed by productive farms and businesses. The Forum is a large group of



CANTERBURY BUSINESS



PHOTO: CHRIS WILLIAMS

representative stakeholders charged with finding a way forward, but has yet to resolve the issue of how water can be allocated. *"Canterbury businesses and farms need more certainty on water rights to be able to develop and grow to their full potential,"* says Canterbury Employers' Chamber of Commerce Chief Executive Peter Townsend. *"Canabrians want sustainability into the future – for our resources and infrastructure as well as the rebuild."*

CANTERBURY BUSINESS NEEDS:

Action on water allocation

Faster work towards agreement on formal water allocation rights

Skills – The skills shortage affects Canterbury differently from other regions. The dominance of the rebuild to the local economy means engineering and construction-related skills are most in demand. The influx of skilled construction workers over the last year has been readily absorbed in numerous construction sites in the city. More still will be needed in an increasingly wide range of areas. Many Canterbury businesses are high technology and ICT specialists and projections show a looming shortfall of these skills also. Skills shortages in Canterbury are being filled by large numbers of migrant workers. Some of the issues connected with availability and visas are being felt in Canterbury. Employers are required to prove there is no New Zealander qualified and available to do the job before being permitted to engage a worker from overseas – a difficult and time-consuming task.

CANTERBURY BUSINESS NEEDS:

Skills for the rebuild

More engineering, building, technical and ICT skills; an easier process for achieving a visa to hire a skilled worker from overseas

BUSINESS SAYS

Business says: Sustainability in all forms is important for enterprise and our communities. For infrastructure development, urban renewal and resource use, business wants a long-term view. Water rights, water storage, irrigation infrastructure and other resource issues are too important to be progressed with a focus on yearly business results or three-yearly election cycles. Business also wants policies that demonstrate a concern for the sustainability of economic growth alongside environmental and social sustainability. Business wants central and local decision-making that's focused on future generations as well as the present.

CECC for Canterbury business

The Canterbury Employers' Chamber of Commerce is based in Christchurch and is the largest business support agency in the South Island. Its team of advisors offer advice across all aspects of business, including strategy, marketing, international trade, sales, finance, operations and human resources including health and safety.

CECC also offers a comprehensive training and development programme and a wide range of networking events including the largest business awards in New Zealand, the Champion Canterbury Business Awards.



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Three big issues that could affect the votes of businesses in the south are the economy, the impact of rules for seismic strengthening, and skills for business growth.

A growing economy – A resource-rich region with many innovative businesses, Otago-Southland still lags behind other regions in economic growth. Policies to foster growth resonate strongly in the south. Otago Southland Employers Chief Executive John Scandrett says certainty and stability in the business environment is a key need.



SOUTHERN BUSINESS

Businesses in the south need investment in order to increase productivity, and to innovate and grow – and investment intentions can be affected by higher tax, higher compliance costs and policy instability. Policies need to be good for the productive sector, simple, easily understandable, and not prone to rapid change. Regulatory problems are top of mind for smaller businesses in the south, with process, cost and timing hurdles making life difficult for many. Getting consents under the Resource Management Act can often hinder the establishment of new business development – southern business would support a fundamental review of this Act to make it fit for the purpose of permitting sustainable development. Southern businesses want lower company tax rates to help offset interest and exchange rate rises, and want

central government to restrain its spending to help keep taxes down, while continuing to deliver on the social programme that has always underpinned New Zealand. Southern businesspeople want a whole-of-country regional development approach, concerned that growth in activity in Canterbury and Auckland activity growth could ‘drown out’ other areas needing development assistance.

SOUTHERN BUSINESS NEEDS:

Regional growth

Investment to increase productivity; lower tax; a lower compliance burden; general policy stability; improvements to the Resource Management Act; a whole-of-country approach to regional development

Seismic building risk – An earthquake policy aimed at strengthening commercial buildings is concerning southern businesses. A Parliamentary bill that will still be on the order paper after the election (the Building (Earthquake-Prone Buildings) Amendment Bill) would require local councils to do seismic assessments of all buildings in their district within five years, and property owners whose buildings were identified as earthquake-vulnerable would have 15 years to strengthen their buildings to a third of the building code, or be required to demolish them. John Scandrett says this is a harsh policy that would disproportionately affect southern communities. “We have many smaller communities where property owners might struggle to upgrade their buildings and might be forced to pull them down.” He says the policy isn’t needed because earthquake-



PHOTO: CHRIS WILLIAMS

vulnerable buildings are already attracting higher insurance premiums which will lead building owners to either strengthen or demolish them. *"In many cases simple actions like removing unstable facades and chimneys would be a more realistic safety response than tearing down heritage buildings. Local councils should be able to deal with earthquake risk according to their level of local risk,"* Scandrett says.

SOUTHERN BUSINESS NEEDS: **Better seismic policy**

Amend or ditch the Building (Earthquake-Prone Buildings) Amendment Bill to remove the cost and risk of this policy to southern business

Skills – Like businesses in other areas, those in the south can find skills hard to get. Seasonal business operators need to be able to engage non-resident labour easily and speedily when needed in the tourism, viticulture, horticulture and construction industries. With the strong stonefruit industry in Otago and dairy industry in Southland, the ability to engage immigrant workers is important. Employers want to be able to hire people from overseas but find the visa system an obstacle. They are required to prove there is no New Zealander qualified and available for the job in order to hire a migrant, and have to repeat the process when it's time to renew the visa, a significant compliance burden. Automatic visa extensions for employees who have the support of their employer should be allowed. They would also like to see more focus on local youth development, not wanting unskilled young people on benefits when there is a pressing need for skills in the region's workforce. Southern businesspeople say a gap is emerging between those who are adapting to the speed of change and those who aren't, and helping the uptake of new technology is vitally important for business growth. More access to training in digital technology is a key need for Otago Southland.

SOUTHERN BUSINESS NEEDS: **More skilled people**

More skills development for youth; more access to training in digital technologies; easier work visa procedures

BUSINESS SAYS

The Resource Management Act is holding back business development. The RMA formally gives precedence to 'the environment' over 'development', making it hard for development to occur. The Act should be rewritten so decision makers have to pay heed to both environmental and development requirements. It also needs to be clearer in directing local government to issue consents in a transparent, timely, cost-effective and accountable way. Business would support a fundamental review of the RMA.

OSEA for southern business

Servicing the large southern area of New Zealand, the Otago Southland Employers' Association provides member organisations with employment law services, health and safety advice and training, and more than 120 professional development and business training programmes. Advice and training on exporting and manufacturing form part of the specialist offerings. The OSEA has offices in Dunedin and Invercargill and specialist staff travel to other locations within the region as demand warrants.



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