

**BusinessNZ Submission**

to the

**Green Growth Advisory Group**

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BusinessNZ  
PO Box 1925  
Wellington  
Ph: 04 496 6555  
Fax: 04 496 6550

## Introduction

BusinessNZ acknowledges the Government's initiative on green growth and the work of the Green Growth Advisory Group. BusinessNZ considers it timely and important because:

Green growth is part of the wider sustainability opportunity where a focus on sustainable business practices creates opportunities in markets, communities and countries around the world.

Green Growth activities present an immediate opportunity for the New Zealand Government to assist business with the provision of sustainably geared goods and services, and to improve their sustainability performance, leading to durable market growth.

An economy founded upon Green Growth concepts maximises value, productivity and growth across the whole marketplace, not just selected sectors, while managing natural assets sustainably.

An economy founded upon Green Growth successfully retains competitiveness in an increasingly volatile global market with increasing uncertainty and competition around the availability of conventional resources.

Whilst effective Green Growth activities create economic value in the marketplace, they also impact the workplace, environment and community, positively shaping social attitudes and non-market outcomes conducive to improved sustainability. These include: assisting customers to positively reframe their purchasing decisions, improving the value and quality of natural resources and delivering socio-economic wellbeing to stakeholders, staff and communities.

Green Growth activities are a subset of those activities capable of sustaining and improving current prosperity while continuing to provide economic, social and environmental prosperity for future generations.

*This submission has been prepared in consultation with the BusinessNZ Sustainable Business Forum, whose members include Bank of New Zealand, Contact Energy, Fonterra, Genesis Energy, Landcare Research, Meridian Energy, New Zealand Post, Rio Tinto, Solid Energy, and Westpac.*

## A Green Growth Pathway for New Zealand

### Context

*Existing policies and programmes relevant to a Green Growth programme are presently compartmentalised in different agencies with no clear strategic direction from Government.*

### Recommendations

1. Recognising the wider sustainability opportunity encompassing economic, social and environmental facets, Green Growth activities should be seen as cross-cutting actions integrated broadly into Government's economic growth agenda, rather than compiled into one single and separate strategy.
2. Accountability for implementation and achievement of each Green Growth activity should be shared amongst all Government departments on a case relevant basis, rather than falling to one department or Minister alone.
3. Desired Green Growth outcomes should be clearly and unambiguously determined at the outset. Objectives with measurable milestones and performance targets supporting each outcome must then be clearly specified so that performance can be transparently and unequivocally measured and monitored by Government, business and the community.
4. Broad agreement across constituencies on New Zealand's Green Growth pathway should be attained so that a consistent approach to Green Growth, withstanding government and agency changes, can be achieved.
5. Ensure Green Growth activities incentivise desired outcomes across all sectors and value chains, not just selected areas.
6. Ensure that existing policies relevant to Green Growth are consolidated with new policies.
7. Ensure Green Growth activities provide investment certainty, which is essential for incentivising business and institutional investment.
8. Ensure that New Zealand's Green Growth pathway supports the flourishing of market-led activities and tools aligned with business sustainability and green growth, like performance reporting and assurance frameworks,.

## Leveraging greater value in international export markets from New Zealand's 'clean green' brand

### Context

*The New Zealand economy and New Zealand businesses have enjoyed bountiful natural resources, high levels of biodiversity and an increasingly renewable energy resource.*

*However, New Zealand is under pressure to prove its brand credentials, our businesses are exposed to increasing market competition and customer expectations of sustainability continue to rise.*

### Recommendations

9. Recognise that 'clean and green' is one component of New Zealand's brand image, and that other components of the New Zealand brand such as 'quality', 'safety', and 'trustworthiness', are compelling and relevant to many markets also.
10. Recognise that business, not government, is best positioned to pursue product premiums related to green growth, while recognising government's ongoing role in ensuring market access.
11. Ensure that the focus of New Zealand's research, science and technology continues to be in areas most likely to contribute to sustainable economic growth.
12. Ensure policies conserve biodiversity by encouraging sustainable use of biological resources, and guarding against biodiversity loss.
13. Provide information and assistance to businesses to help them understand the value of the natural environment and their impact on it, giving particular emphasis to ecosystem services.
14. Over time, introduce natural resources policies that utilise market approaches to encourage efficient use.
15. Ensure that Green Growth policies do not dis-incentivise food production or food security.
16. Support New Zealand exporters leveraging New Zealand's predominantly renewable energy generation.
17. Promote New Zealand's strong renewable energy generation expertise.
18. Ensure government agencies strongly communicate the New Zealand brand in trade missions and negotiations.
19. Maintain favourable relationships with governments that are potential investors in New Zealand's green products, services and technologies, developing partnerships and sharing information and opportunities with businesses proactively.
20. Establish an increasingly 'open' trade policy for the effective diffusion of green technologies.

## **Market use, adoption and development of existing and new technology and innovation**

### **Context**

*Businesses are capital constrained so creative financing mechanisms coupled with Government support will be required to mobilise innovation and technology investment.*

*As the drive toward Green Growth intensifies, all sectors will require new skill-sets for new workforce tasks, and new skills to complement existing roles.*

*Attracting and retaining intellectual talent and the economic rewards a highly skilled workforce brings will hinge on New Zealand's readiness to participate fluidly in technology transfer.*

### **Recommendations**

21. Improve the effectiveness of existing research, science and technology funding mechanisms, ensuring they contain clear, objective eligibility criteria for financing, project selection and linkage to green growth outcomes. A carbon efficiency focus is recommended.
22. Foster transparency and equal treatment of technologies, using public funding in a way that does not violate the principle of technology neutrality, ie: maintaining all technology options, and not targeting specific technologies.
23. Use public funding creatively to leverage private financing.
24. Early identification of appropriate skills and workforce preparedness, and how to deploy these skills within training and educational institutions and workplace, will be paramount to ensuring New Zealand's ability to capitalise on workforce and economic development opportunities, and avoid further widening the skills gap.
25. Education fostering innovation capability with foundation skills like literacy and numeracy, digital literacy, problem solving, team work and decision making, must be a high priority in educational institutions. Competency in STEM subjects - science, technology, engineering and maths – is critical if New Zealand is to achieve a sizeable workforce that is innovation based and highly waged,
26. Prepare the workforce for increased technology transfer.

## Ensuring resilient transition to a lower carbon economy for SMEs

### Context

*Government's recently gazetted 2050 emission reduction target – 50% on the 1990 baseline by 2050 – implies a significant transformation of the economy. This transformation will be unworkable unless small and medium enterprises are able to realise substantive increases in carbon efficiency. The New Zealand Emissions Trading scheme alone will not achieve this; Government support will be required.*

### Recommendations

27. Nominate an agency responsible for the over-all coordination of Government efforts related to carbon and energy efficiency, and bringing low carbon innovations to market. The agency should be business facing.
28. Business assistance from any agency charged with facilitating carbon efficiency should be focused on addressing capital constraints for low carbon innovations, and information failures relating to carbon inefficiency.
29. Ensure procurement policies promote cost-effective sustainability standards.
30. Review environmental regulations to amend any that might be a barrier to SMEs transitioning to a lower carbon economy.
31. Ensure taxation is set at levels that do not harm the international competitiveness of New Zealand businesses.

## **Background Information on BusinessNZ**

Encompassing four regional business organisations (Employers' & Manufacturers' Association, Employers' Chamber of Commerce Central, Canterbury Employers' Chamber of Commerce, and the Otago-Southland Employers' Association), its 71 member Major Companies Group comprising New Zealand's largest businesses, and its 76-member Affiliated Industries Group (AIG), which comprises most of New Zealand's national industry associations, BusinessNZ is New Zealand's largest business advocacy body. BusinessNZ is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy on behalf of enterprise, BusinessNZ contributes to Governmental and tripartite working parties and international bodies including the ILO, the International Organisation of Employers and the Business and Industry Advisory Council to the OECD.

BusinessNZ's key goal is the implementation of policies that would see New Zealand retain a first world national income and regain a place in the top ten of the OECD (a high comparative OECD growth ranking is the most robust indicator of a country's ability to deliver quality health, education, superannuation and other social services). It is widely acknowledged that consistent, sustainable growth well in excess of 4% per capita per year would be required to achieve this goal in the medium term.

## **Background Information on the BusinessNZ Sustainable Business Forum (SBF)**

The Sustainable Business Forum was established in 2009 to provide a business-centric platform for companies wanting to define and lead sustainable business matters, rather than simply respond to government-led initiatives

We believe that a sustainable New Zealand occurs where a vibrant economy exists, providing opportunity for all to fulfil their potential.

Sustainable businesses play a vital role: they champion an enterprise model bringing mutually beneficial value to business, customer, citizen, environment and economy.

Representing the broad business community, we are able to provide a consolidated, sensible and mainstream business view.

SBF work includes member led projects in sustainable business capability and leadership. Key projects include Sustainable Supply Chain Management – a best-practice multi-sector toolkit for New Zealand business, and Sustainability Performance Benchmarking – a New Zealand framework for international comparative performance analysis.