



# ELECTION PRIORITIES

FOR A BETTER FUTURE

# Introduction



**Kirk Hope**  
Chief Executive

The world is encountering profound change. Old certainties around globalisation are increasingly challenged and geopolitical and economic risk and tension now extend to our part of the world like never before.

More than ever, we need fit for purpose domestic policy settings to ensure New Zealand's success in this rapidly changing world. We need a world class education system and a labour market that ensures everyone participates and succeeds to their true potential. We need regulatory settings that recognise our domestic realities and enable firms to thrive and provide well paid jobs and export earnings. We need concerted and coordinated action around climate change so New Zealand can play its part in a decarbonising world.

Business is profoundly committed to and ambitious for New Zealand's success and we celebrate the many great things this country has achieved. The growing success and impact of Māori business is just one example. But business is deeply concerned about some of the trends impacting us - our falling educational achievements, our increasing infrastructure deficit and our declining prosperity and competitiveness, to name just a few.

This document is intended to inform all political parties in an election year of policy areas where the business community believes we need to do better for the benefit of all New Zealanders. In compiling this report, both large and small to medium size businesses have been consulted

and their quotes are evident throughout. We use member meetings, interviews and surveys to take the pulse of our membership, which is 76,000 strong throughout the BusinessNZ network, including EMA, Wellington Chamber of Commerce, Canterbury Employers' Chamber of Commerce and Business South.

**Kirk Hope**  
Chief Executive



**Catherine Beard**  
Director, Advocacy



**Phil Love**  
Deputy Chief Executive &  
General Manager

# Executive Summary Recommendations

## Labour market

### Recommendations

1. Remove FPAs and focus once again on individual workplaces and employers as the centre of bargaining, both at a collective and individual level.
2. Reinstate 90-day trials for all businesses, to enhance the ability for employers to confidently employ people.
3. Retain Apprenticeship Boost to incentivise more employers to undertake industry training.

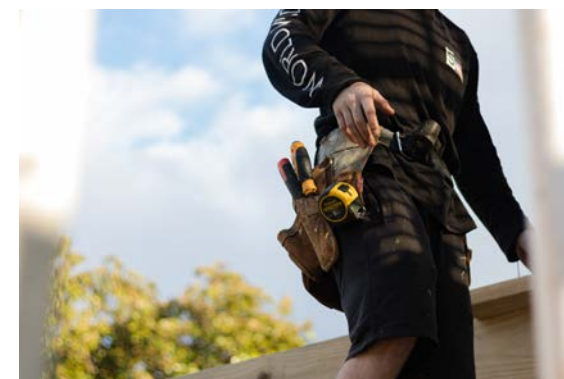
## Education

1. Create an education system that enables every student to leave school with a strong foundation and informed pathways to allow them to get the skills they need for higher learning and the world of work, including literacy, numeracy and digital skills.
2. Establish a system that offers choice and is accountable to students, parents, employers and the public through good public data and analysis including international metrics such as PISA

3. Create a vocational education system that puts employers and the people they want to employ at the core. A system that is agile in responding to employers, workforce and labour needs and that ensures those who want to gain skills are given the capacity to make an informed choice and be enabled to pursue the widest variety of careers.
4. Continue to support the uptake of apprenticeships and on-job training.

## Immigration

1. Make immigration settings open, simple and predictable. ImmigrationNZ needs to be tasked with working with employers and migrants to give effect to these settings and should be properly staffed and adequately funded to do so.
2. Simplify the Accredited Employer Work Visa scheme by abolishing labour market tests and wage rules and make it easier for migrants to move between accredited employers.
3. Introduce work to residence pathways for occupations not on the Green List.
4. Have greater data analysis and insights on immigration to better inform and co-ordinate infrastructure planning.
5. Make New Zealand the first-choice destination for international skills and talent.





### Minimum wage

1. Establish a stable, predictable and depoliticised minimum wage setting process to allow businesses time and confidence to respond to rising costs.

### Regulatory Environment

1. Government needs to prioritise robust regulatory impact statements.

### Fiscal and Monetary Policy

1. Return the Reserve Bank to a single mandate of price stability focused on keeping inflation between 1% and 3%.
2. Remove unnecessary government spending and regulations which adversely impact on the ability of the Reserve Bank to control inflation.

### Tax

1. Create a tax system that is broad-based, low-rate and inflation-indexed to income thresholds.
2. Internationally competitive tax rates (they are currently higher than the OECD average) to support investment, innovation and entrepreneurship.
3. Decrease the cost of tax compliance obligations on businesses through simplification, automation, innovation and the introduction of new technologies as these emerge.

### Digital

1. Consider a fit-for-purpose depreciation scheme for digital infrastructure that better recognises the cost of investing.
2. Continue to support digital transformation through ensuring an enabling regulatory environment that accelerates the likes of e-invoicing.

### Research, Science and Innovation

1. Build a world class and properly funded RSI system that is focused on the issues that New Zealand needs to solve, including climate change.
2. Boost tax credit support for R&D done by business, including a focus on development and commercialisation.
3. Ensure that New Zealand leads research efforts where it is relevant for us to do so and better enable us to be a fast follower where other countries have taken the lead.

### Manufacturing

BusinessNZ is supportive of the Advanced Manufacturing Industry Transformation Plan, but notes it will need adequate funding to be properly activated. We also support accelerated depreciation on advanced manufacturing plant & equipment, to speed up new investment.

## Executive Summary Recommendations

### International Investment

1. Review and liberalise our overseas investment regime to attract more overseas investors to invest in building New Zealand's productivity, competitiveness and prosperity.
2. The Investor Visa needs to be more attractive; low uptake indicates it is not working in its current form.

### Iwi Business

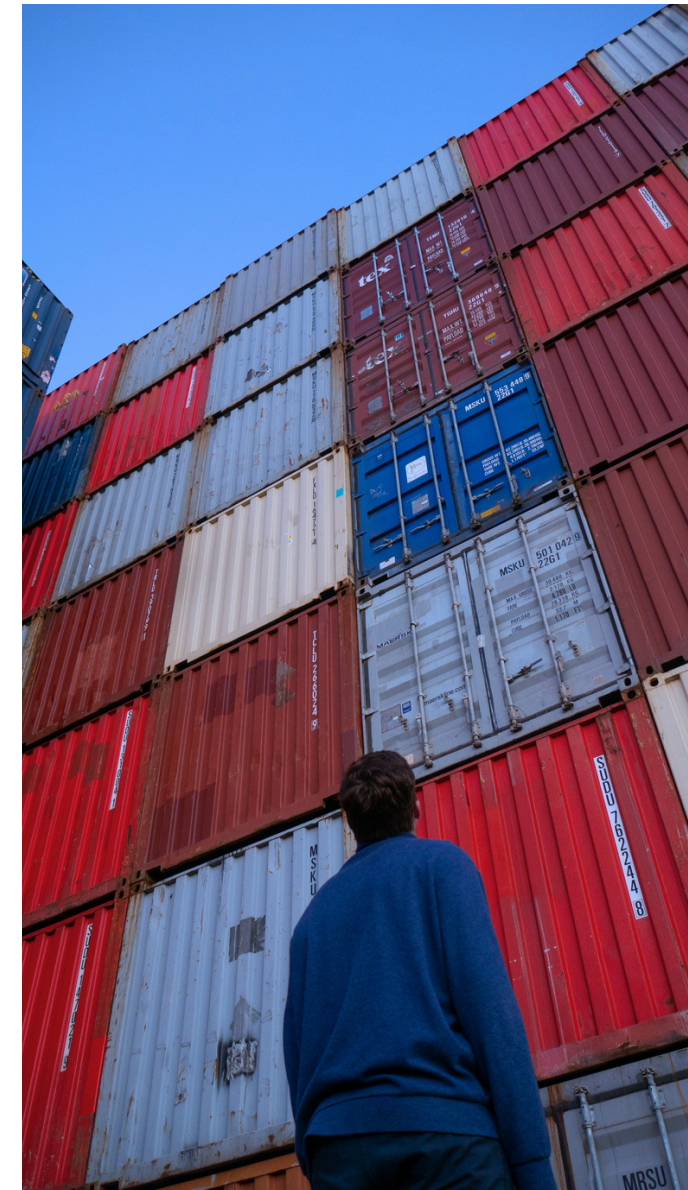
The Government should liaise with iwi to see if there is a role for government to de-risk lending when it comes to lending to multiple ownership structures e.g. some variation of the Export Credit Office.

### Trade

1. Champion a rules-based international order, being a leader of free trade, open markets, and the rule of law.
2. Continue to pursue high quality, comprehensive free trade agreements, in order to assist in building new markets for New Zealand businesses and to provide improved resilience and choice around market access.
3. Continue to facilitate future business growth through pathfinder agreements such as the Digital Economic Partnership Agreements.

4. Improve the ongoing dialogue with business to ensure informed trade policy and improve business capacity to take advantage of new trade opportunities.
5. Continue to build wide and informed public support for New Zealand's trade agenda by helping all New Zealanders to better understand what is happening in the world, how it impacts us and why it matters.
6. Continue the momentum towards a single seamless trans-Tasman border that enhances NZ's economic success.

For a deeper dive on Trade, check out the ExportNZ pre-election advocacy document here: [www.exportnz.org.nz](http://www.exportnz.org.nz)





### Infrastructure

1. Assess and deploy the widest range of funding mechanisms to enable faster and better-quality infrastructure that best allocates risk and cost.
2. Broaden the Te Waihanga/Infrastructure Commission's mandate to focus on how to build more infrastructure quickly in the most creative ways possible across central government, local government and the private sector.

### Resource Management

1. Ensure that resource management laws prioritise development, recognise the importance of upholding property rights to encourage efficient investment.
2. Provide for longer consenting rights for resource use that will encourage business investment in expensive long-life assets.
3. Introduce a compensation regime for regulatory takings to encourage better decision-making from regulators when affecting private property in the public interest.

### Energy

1. Reduce uncertainty and intervention in the energy sector and set predictable policies that encourage the market to invest in a modern, efficient and affordable generation mix so that New Zealanders can have secure access to energy.

### Supply Chain Resilience

1. Prioritise investment in New Zealand's domestic freight and supply chain system.
2. Continue momentum towards a single seamless trans-Tasman border that enhances NZ's economic success.

### Climate

1. Commit to a least-cost pathway to a low emissions economy based primarily on New Zealand's emissions trading scheme with a minimum number of complementary policies.
2. Facilitate a market-led transition so that businesses can explore all options for reducing emissions (e.g. new gases, process heat technology).
3. Reduce the regulatory barriers that inhibit business's capacity to invest in and be early adopters of climate mitigation and adaptation activities.
4. Ensure our own climate and emissions policies do not encourage carbon leakage to less efficient economies leading to higher global emissions.
5. Improve the support of SMEs in the transition to a lower emissions economy. For example, through access to affordable finance/capital to transition to net zero and through non-financial support (training, tools, information etc) on how they can advance their low emissions transition.

For a deeper dive on Climate Change Advocacy, check out the Sustainable Business Council Advocacy document here: [sbc.org.nz](https://www.sbc.org.nz) and the BusinessNZ Energy Council advocacy document here: [www.bec.org.nz](https://www.bec.org.nz)

# The Labour Market

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A successful labour market is one that promotes business and community prosperity. Businesses can access the skills they need to adapt and grow, and individuals are able to utilise and develop their skills throughout their working lives. It needs policies to address the ongoing problem of acute domestic labour shortages and skills mismatches and a direct focus on improving the skills of the current and future workforce through the joint efforts and investment of employers, employees, and the education system at all levels. At the same time, immigration policies that enable labour market gaps to be overcome and connect New Zealand firms to international knowledge and expertise must be maintained. We need to focus on labour market settings that ensure workplaces are at the centre of quality employment regulation and that regulation enhances competitiveness and productivity.

We all want New Zealand to be a place that prioritises inclusivity and equity. Government, in partnership with employers, must act to help youth and the long-term unemployed find employment as quickly as possible. We need government to continue its work of strengthening the labour market attachment of groups that have traditionally faced employment barriers, including women, Māori, Pacific People and people with disabilities.



## The Labour Market

### No - to Forced Pay Agreements

New Zealand, as a small, isolated economy dependent on global markets and being internationally competitive, needs labour market settings that are fair to employers and employees and allow us to compete. High-quality, well-paid jobs come from well resourced, competitive and productive businesses. Labour market regulation needs to provide for a dynamic labour market where individuals can readily adapt to changing market conditions.

Poorly thought through, ideological and highly damaging regulation, such as Fair Pay Agreements (FPAs), in reality "forced pay" agreements, will make our labour market less responsive and less competitive, just at the time when responsiveness and competitiveness are needed more than ever. This is because they impose 'one size fits all' pay rates on entire industries, regardless of individual business scale, location or market circumstances. The system will remove much of workers' ability to have their performance appropriately rewarded, as well as much of employers' ability to negotiate freely according to the needs of their business.<sup>1</sup>

1 - Fair pay agreements unfair for workers and employers, BusinessNZ

### Yes - to 90-day trials

Small businesses are the job engines of growth in any economy, but particularly in New Zealand where the average size of our enterprises is small by global standards. Employers need to be encouraged to make the right choice when employing people, particularly if that choice involves a risk through, for example, misaligned skills or previous labour market detachment. Employers continue to tell us that the "90-day trial" (currently only available to SMEs) should be returned to our regulatory landscape.

Employers are concerned about persistent long-term unemployment, particularly for young people and people with low skills. They want adequate and targeted support where individuals are (re)entering work. Supporting labour market participation is fundamental for ensuring equality of opportunity and becomes an economic imperative in the context of our ageing workforce. In the EU for example, countries are now encouraged to put in place measures to ensure that young people up to the age of 25 receive a good quality offer of employment, continued education, or an apprenticeship or a traineeship within four months of leaving school or becoming unemployed.



Brett O'Riley, CEO, EMA

## Fair Pay or Forced Pay?

### Recommendations

1. Remove FPAs and focus once again on individual workplaces and employers as the centre of bargaining, both at a collective and individual level.
2. Reinstate 90-day trials for all businesses, to enhance the ability for employers to confidently employ people.
3. Retain Apprenticeship Boost to incentivise more employers to undertake industry training.





### Education

New Zealand needs an internationally regarded and globally competitive education system across primary, secondary, tertiary, and vocational training. We owe it to our young people to provide a system that enables every student to leave school with a strong foundation and open pathways to allow them to get the skills they need for the world of work, particularly literacy, numeracy, and digital skills.

**“we need to get kids back into school, there are massive opportunities for our youth who are motivated”**

#### Measure, monitor, report

There needs to be a focus on making sure that children turn up to school and that they are taught by highly competent teachers using a global best practice curriculum and teaching practices. Latest available Programme for International Student Assessment (PISA) rankings from the OECD show a deeply concerning decline in reading, mathematics, and science capability from previous high levels of performance, with more rapid declines among the lowest-achieving students.<sup>2</sup> We need to develop a state funded system that is accountable to students, parents, caregivers, employers and the public through good public data and analysis including international metrics such as PISA. It is not good enough that New Zealand is developing a two-tier education system, where those that most need the opportunities education can offer are being left further behind in educational achievement.

### Vocational Education

Employers have consistently called for a vocational education system that enables innovation, competition, specialisation, and a variety of skills pathways that are available to all workers and employers across New Zealand. It should be a system that is agile and meets workplace skills needs for today and the future. The workforce of both today and tomorrow needs to be given the capacity to make an informed choice to train or retrain as individuals find most appropriate and to pursue the widest variety of opportunities and careers. Employers need to play a key role in informing investment decisions and training course content so innovation can happen at pace.

**“we need educators to promote the primary industries and destigmatise the idea that you only come into them if you’re not good at anything”**

Coupled with the declining performance of our education system, is the widening of the digital skills gap. Globally, by 2025, it is estimated that up to 40% of the core skills needed for specific jobs are expected to change<sup>3</sup> and 50% of employees will need to learn new skills.<sup>3</sup> New Zealand business is beginning to see this gap grow and is concerned that the Government does not yet appear to have an adequate plan – properly involving employers - for how to resolve this widening skills gap.

<sup>2</sup> - PISA 2018 Score

<sup>3</sup> - These are the top 10 job skills of tomorrow, World Economic Forum

## The Labour Market

### Recommendations

1. Create an education system that enables every student to leave school with a strong foundation and informed pathways to allow them to get the skills they need for higher learning and the world of work, including literacy, numeracy, and digital skills.
2. Establish a system that offers choice and is accountable to students, parents, employers and the public through good public data and analysis including international metrics such as PISA.
3. Create a vocational education system that puts employers and the people they want to employ at the core. A system that is agile in responding to employers, workforce, and labour needs and that ensures those who want to gain skills are given the capacity to make an informed choice and be enabled to pursue the widest variety of careers.
4. Continue to support the uptake of apprenticeships and on-job training.

### “immigration is a part of our growth story; it should not be a political football”

#### Immigration

Our immigration settings need to be open, simple, and predictable and focussed on improving employers’ ability to attract the international skills and talent to come to work and contribute to New Zealand.

4 - The future of workforce supply, BusinessNZ

New Zealand faces several pressing challenges in getting access to the right talent which is often in hot demand in countries that compete with us. Employers tell us that recent policy settings have caused unnecessary stress for those desperate for staff in a very tight labour market and stress for employees with uncertain visa status. This is exacerbated by administrative and bureaucratic barriers that don’t enable visa applications to be processed in a timely fashion.

### “what’s the carrot for someone to come to New Zealand instead of Australia”

Recent research done for BusinessNZ by Sense Partners indicates we will need 250,000 additional people in the workforce by 2045, due to our aging demographic and lower birth-rate.<sup>4</sup> Political parties need to depoliticize immigration and plan to attract the talent we need into the future, while also planning for adequate infrastructure (roads, housing, education, healthcare) to support any growth.

### Recommendations

1. Make immigration settings open, simple, and predictable. ImmigrationNZ needs to be tasked with working with employers and migrants to give effect to these settings and should be properly staffed and adequately funded to do so.





2. Simplify the Accredited Employer Work Visa scheme by abolishing labour market tests and wage rules and make it easier for migrants to move between accredited employers.
3. Introduce work to residence pathways for occupations not on the Green List.
4. Have greater data analysis and insights on immigration to better inform and co-ordinate infrastructure planning.
5. Make New Zealand the first choice destination for international skills and talent.

### The Minimum Wage

The minimum wage has increased by 40% since 2017. It is now nearly 77% of the median wage, and business tells us that the process of setting the minimum wage is becoming too politicised. Add to that the unpredictable nature of the increases granted with little notice and too little consideration of the economic circumstances many small businesses face has not left businesses feeling confident in responding to rising costs. The Government needs to create an environment where minimum wage settings are stable, predictable, and depoliticised.

The United Kingdom has a Low Pay Commission for example. This is an independent body that advises the Government about the National Minimum Wage. Each year the Commission carries out extensive research and consultation with employers and workers, and analyses relevant data to understand the state of the economy, labour market, and the minimum wage impact. Our government needs to establish its own process for ensuring that changes to minimum wage settings are depoliticised, well informed, and better supported by all. It is also desirable that recommendations include an indication of trends so that businesses can plan further ahead than just the coming year.

### Recommendation

1. Establish a stable, predictable, and depoliticised minimum wage setting process to allow businesses time and confidence to respond to rising costs.

# The Regulatory Environment



Leeann Watson, CEO, Canterbury Employers Chamber of Commerce

New Zealand needs a regulatory environment that is stable, predictable, evidence-based, and light-handed. A regulatory environment that prioritises economic productivity and prosperity for all New Zealanders in the context of the challenges that we face as a small, developed economy far from markets and with pressing and consequential challenges in areas like climate change and biodiversity. Government, working with the business community, must strike the right balance between regulatory predictability and a steady pace of change.

New Zealand has long been seen as a good place to do business because of our predictable, stable and evidence-based regulatory environment. Sadly, that reputation is increasingly under threat. Businesses and potential investors tell us that they now see increasing regulatory uncertainty and risk which negatively impacts business confidence and foreign and domestic investment certainty.<sup>5</sup>

It's not just policy uncertainty that affects confidence. It's the pace of change, along with rapidly increasing compliance costs that is adding frustration and fatigue. A rapidly increasing regulatory burden of this type impacts small businesses in particular, including those in rural and regional New Zealand.

## Policy Development

Businesses tell us that some policy development is excellent, well thought through and effectively consulted upon, but at its worst, they see policy changes that are capricious or even destructive with a lack of proper, authentic engagement. Businesses observe confusing or overly prescriptive regulation and a "one size fits all" approaches taken, without a clear articulation of what problem it is trying to solve.<sup>6</sup> This inevitably leads to an increasing regulatory burden with no valuable outcomes either for businesses or communities.

Regulatory Impact Statements (RISs) by government agencies are one example of processes that play a vital role in ensuring sensible and robust policy. Many RISs remain fit for purpose but regrettably, over time, the rigour and accessibility of RISs has declined, making them less useful when holding decision makers to account or in the development of good public policy.

## Recommendation

1. Government needs to prioritise robust regulatory impact statements.

<sup>5</sup> - Mood of the Boardroom 2022, Business NZ

<sup>6</sup> - Mood of the Boardroom 2022, Business NZ

### Small Business is a big deal.

Small and Medium Enterprises (SMEs) play a foundational role in New Zealand's prosperity by acting as engines of growth. There are around 550,000 SMEs which collectively employ 29.3% of the entire workforce.<sup>7</sup> They exist in every facet of the economy and are in every region and small town in the country. Their importance must not be understated.

SMEs are particularly vulnerable to the state of the economy, weather-related events, and global uncertainty. All these challenges impact their confidence and ability to do business. In the current environment, the two major issues concerning SMEs are compliance costs and rising crime in all its forms.

Business understands the need for regulation, however, with limited resources, it is incredibly difficult for SMEs to meet all their compliance obligations. To SMEs, an environment that is conducive to their success means compliance costs that are relevant, understandable, and well signalled, minimum wage settings that are depoliticised and predictable, enabling adequate forward planning and a regulatory environment that encourages small business growth. Examples of this include improved access to financial and legal advice and legislation that is fit for purpose, such as the 90-day trial extended to businesses with more than 20 employees.

Ram raids have taken most of the Government's attention with respect to rising crime and violence. While these have been a prevalent form of recent crime, SMEs continue to have major issues with theft at large, including the theft of livestock in rural New Zealand, which has not received much attention or assistance. SMEs would like to see the Government addressing rising crime and violence more generally, not solely focusing on ram raids.

### Fiscal and Monetary Policy

The last few years have reminded us of the difficulty of managing our economy through effective and efficient government spending on the one hand and the critical role played by the Reserve Bank on the other in promoting confidence and macro-economic stability, ensuring stubbornly high inflation does not destroy businesses and livelihoods.

No matter the international circumstances, government has the biggest role in ensuring its own spending is conducive to New Zealand's economic and social success. This means making sure that government spending is not substituting for private sector investment and that government only spends what it needs to get the best outcomes, focusing on the roles it, and only it, can play.

The Reserve Bank is also a subject of concern to the business community. Business feels the multiple mandates that now apply to the Reserve Bank have not helped it to focus on the scourge of inflation, so potentially, we are now facing higher than necessary inflation for longer than comparable economies.

#### Recommendations

1. Return the Reserve Bank to a single mandate of price stability focused on keeping inflation between 1% and 3%.
2. Remove unnecessary government spending and regulations which adversely impact on the ability of the Reserve Bank to control inflation.

7 - NZ Business Demography Statistics, StatsNZ

## The Regulatory Environment

### Tax

We need a simple, efficient, and stable tax system that enhances national competitiveness and appropriately rewards risk-taking. This would be a system that encourages innovation and investment, reduces the costs of compliance, and adopts a customer-oriented and innovative approach.

Taxes should be simple to understand and administer. At the same time, the Government should continue to automate its annual tax return assessments, driving down cost and time and should also look at how to increase automation at the customer end. Efficient use of technology can ease compliance for all participants and should also mean tax positions are finalised as quickly as possible to provide certainty and minimise surprises. Government should encourage innovation around tax compliance, particularly for taxes aimed at small business or others who are not experts. The tax system should assist taxpayers, not the other way around.

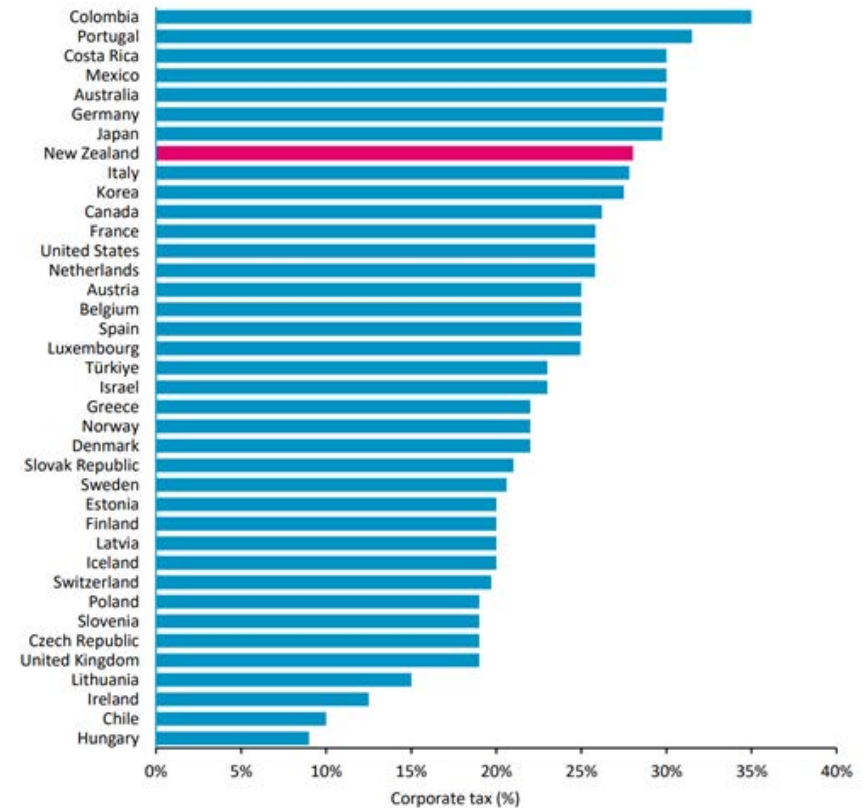
#### Recommendations

1. Create a tax system that is broad-based and low-rate and inflation-indexed income thresholds.
2. Internationally competitive tax rates (New Zealand's is currently higher than the OECD average) to support investment, innovation, and entrepreneurship.
3. Decrease the cost of tax compliance obligations on businesses through simplification, automation, innovation, and the introduction of new technologies as these emerge.

8 - Future of Tax Administration in New Zealand 2021, BusinessNZ

Figure 5 OECD corporate tax rates

Comparing New Zealand to the OECD in 2022



Source: OECD – Statutory Corporate Income Tax Rates



Mike Collins, CEO, Business South

### Digital

In a world that could soon be dominated by Artificial Intelligence (AI) with the potential to be a game changer in terms of its application and reach, New Zealand's regulatory approach will need to keep up with the rest of the world.

We need to help businesses take up technology and boost their digital capability to remain competitive. Some small businesses lack digital awareness and skills, and our lack of global connectedness presents a barrier even in a digital future that includes a reliance on AI.<sup>9</sup> Importantly, trust in the digital economy and data flows will also need to be built. Some good progress has been made through programmes such as the New Zealand Business Number and Digital Boost, but this work must be accelerated if we are to compete aggressively in the global digital economy.

#### Recommendations

1. Consider a fit-for-purpose depreciation scheme for digital infrastructure that better recognises the cost of investing.
2. Continue to support digital transformation through ensuring an enabling regulatory environment that accelerates the likes of e-invoicing.

### Research, Science and Innovation

A thriving research, science, and innovation environment is vital to keeping New Zealand businesses and exporters competitive internationally, and ensuring that our economy is productive, resilient, diverse and able to leverage new opportunities.<sup>10</sup>

New Zealand's firms face significant investment challenges to achieve the productivity levels of their global peers. To overcome these challenges, the New Zealand government has an important role to play in developing clear strategies such as:

- Attracting high-quality foreign direct investment
- Supporting individual companies to meet the fixed costs of innovation and exporting
- Investing in building 'innovation ecosystems' around their frontier firms in select focus areas.

For example, the Danish Digital Growth Strategy focuses on specific industries and technologies to actively support innovation and inclusive industry wide transformation (The Danish Government 2018; Ministry of Foreign Affairs, Denmark 2022).

#### Recommendations

1. Build a world class and properly funded RSI system that is focused on the issues that New Zealand needs to solve, including climate change.
2. Boost tax credit support for R&D done by business, including development and commercialisation.
3. Ensure that New Zealand leads research efforts where it is relevant for us to do so and support tech transfer where other countries have taken the lead.

9 - Understanding the Digital Capability of New Zealand Businesses, Better for Business/MBIE  
10- R&D Expenditure and Innovation by Kiwi Firms, Productivity Commission



### Manufacturing

The manufacturing sector remains a strength for New Zealand's economy. It accounts for 10.7 % of all New Zealand jobs and makes up 10% of New Zealand's GDP. Manufacturing produces 73.5% of our goods exports and is our biggest R&D spender at \$825 million.<sup>11</sup>

Manufacturing in New Zealand deserves a higher status than it currently receives, both politically and through the education system, where parents, and educators should be reminded that manufacturing has interesting and well-paid jobs with good career paths.

It is an increasingly high tech and digital sector to be working in.

BusinessNZ is supportive of the Advanced Manufacturing Industry Transformation Plan but notes it will need adequate funding to be properly activated. We also support accelerated depreciation on plant and equipment.

11 - Advanced Manufacturing Industry Transformation Plan, MBIE



## The Regulatory Environment

### International Investment

New Zealand has an enviable reputation as being open and welcoming to people from all over the world. Regrettably, that reputation does not extend to our international investment regime, which is ranked as one of the least friendly to foreign investment in the OECD. That ranking should be cause for concern because most countries understand that foreign investment is a key part of their national growth story, enabling investment in new businesses and the improvement and upscaling of existing ones. We are simply not doing enough to welcome investment and say New Zealand is "open for business". Reviewing and liberalising our overseas investment regime would remove some of the existing barriers.

#### Recommendations

1. Review and liberalise our overseas investment regime to attract more overseas investors to invest in building New Zealand's productivity, competitiveness and prosperity.
2. The investor visa needs to be more attractive; low uptake indicates it is not working in its current form.

### Iwi Business

Over the past decade, the Māori asset base has been growing at 10 per cent a year, much faster than the overall economy. The Māori economy reached a value of nearly \$70 billion in 2018 and is on track to reach \$100b by 2030.<sup>12</sup> It is playing a significant role in New Zealand's gross domestic product and growth. Māori have traditionally invested in the primary sectors but have also diversified into commercial and residential property, high-value horticulture and are even getting involved in the film and fashion sectors.

Bank relationships with iwi-led business, whilst developing, need to go further. Traditionally, banks have preferred to fund iwi and other groups that have a corporate structure, but as well different structures exist within Māori land ownership. Banks need to look at ways of releasing more capital for Māori organisations, particularly the financing of Māori freehold land, while still controlling the risks attached to multiple ownership structures. We know Māori are investing in and nurturing our next generation of business leaders and with the right investment and financing settings the Māori economy will continue to flourish.

#### Recommendation

1. The Government should liaise with iwi to see if there is a role for Government to de-risk lending when it comes to lending to multiple ownership structures e.g., some variation of the Export Credit Office.

<sup>12</sup> - Māori economy soars to \$68b, a growth of 60% in five years, Chapman Tripp





### Trade

As a small island nation – the most isolated developed economy on earth - New Zealand has made its place in the world as a trader but there is more to do. Extensive trading networks were a feature of early Māori prosperity, and they remain so today.

But the world is full of restrictions on our ability to trade, particularly in areas where we excel, such as food production. So, we have long been proponents of the rules-based multilateral order and free trade.

The world is now facing the largest threats to globalisation and the rules-based multilateral order since the Cold War.<sup>13</sup> The world is turning towards protectionism in many areas of interest to New Zealand, including technology, climate change, food and agriculture, and data. Government should continue its strong partnership with business by opening up opportunities for trade and defending those that already exist, so businesses have choice. The Government also needs to make sure that our regulations are conducive to those who want to do business here. We hear from many businesses that our regulatory burden is higher than in similar economies offshore.

13 - Financial Times, Geopolitics is the Biggest Threat to Globalisation, Martin Wolf

### “we are a trade reliant nation at the bottom of the world”

#### Recommendation

1. Champion a rules-based international order, being a leader of free trade, open markets, and the rule of law.
2. Continue to pursue high quality, comprehensive free trade agreements, in order to assist in building new markets for New Zealand businesses and to provide improved resilience and choice around market access.
3. Continue to facilitate future business growth through pathfinder agreements such as the Digital Economic Partnership Agreements
4. Improve the ongoing dialogue with business to ensure informed trade policy and improve business capacity to take advantage of new trade opportunities.
5. Continue to build wide and informed public support for New Zealand’s trade agenda by helping all New Zealanders to better understand what is happening in the world, how it impacts us and why it matters.
6. Continue the momentum towards a single seamless trans-Tasman border that enhances NZ’s economic success.

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## The Regulatory Environment

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### Supply Chain Resilience

BusinessNZ & ExportNZ would like to see investment in New Zealand's domestic freight and supply chain system prioritised. Domestically, no one mode of transport should be relied upon, and we must therefore invest holistically in roading, rail, coastal, and air transport options. The Ministry of Transport and Productivity Commission are currently working on ensuring our supply chain systems are more resilient to shocks and events, this work needs to be funded and followed through on by the next government. Internationally, it is vital to our exporters that New Zealand continues to actively engage with our trade partners on trade facilitation, addressing non-tariff barriers, and customs cooperation. Doing so can increase the speed at which goods pass through the supply chain and reduce the delays that burden our exporters.

#### Recommendations

1. Prioritise investment in New Zealand's domestic freight and supply chain system.
2. Continue momentum towards a single seamless trans-Tasman border that enhances NZ's economic success.

### CLIMATE

New Zealand's best response to climate change challenges will undoubtedly occur if government works closely and collaboratively with business so that the capability, know how, creativity, innovation and investment of business can be utilised to meet the challenge and in doing so, improve environmental outcomes and our national prosperity. Increasingly severe climate-related weather events demonstrate the need for both mitigation and adaptation that works for New Zealand.

**“An orderly transition that will allow the greatest amount of renewable energy to be reliably introduced without energy supply risks and cost of living increases”**

Business continues to support New Zealand's bipartisan approach to climate policy; however, concerns remain about a lack of consistency, certainty and predictability in government policymaking at the operational level. In particular, an overly detailed and prescriptive approach that effectively creates many prices of carbon and too often puts government regulation at the centre, creates investor risk and overly expensive emission reductions.

We need to improve the engagement of SMEs in transitioning to a lower emissions economy. This could be both by enabling access to suitable finance instruments to transition to net zero and through non-financial support (training, tools, information etc) on how they can advance their low emissions transition.





Simon Arcus, CEO, Business Central

### Policy Settings

New Zealand must allow the market to find the least-cost pathway to a low emissions economy based primarily on New Zealand's emissions trading scheme with a minimum number of complementary policies. Through a market-led transition, businesses can explore all options to reduce emissions, many of which have been adopted globally (e.g. new gases, process heat technology.)

Ill-considered government policy-making can impact the cost and pace of adaptation and can stifle innovation and agility in meeting changing customer expectations in the real world. For example, we note that considerable work is being done in New Zealand's energy sector to embrace new and alternative technologies as the economy looks to decarbonise. But the Government's own engagement in energy investment - for example the proposed Lake Onslow scheme - is acting as a deterrent for investors who would otherwise be getting on with innovation, adoption of new technology and investment.

### Recommendations

1. Commit to a least-cost pathway to a low emissions economy based primarily on New Zealand's emissions trading scheme with a minimum number of complementary policies.
2. Facilitate a market-led transition so that businesses can explore all options for reducing emissions (e.g. new gases, process heat technology)
3. Reduce the regulatory barriers that inhibit business's capacity to invest in and be early adopters of climate mitigation and adaptation activities.
4. Ensure our own climate and emissions policies do not encourage carbon leakage to less efficient economies leading to higher global emissions
5. Improve the engagement of SMEs in the transition to a lower emissions economy. For example, through access to affordable capital/finance support to transition to net zero and through non-financial support (training, tools, information etc) on how they can advance their low emissions transition.

For a deeper dive on Climate Change Advocacy, check out the Sustainable Business Council Advocacy document here: [sbc.org.nz](https://www.sbc.org.nz) and the BusinessNZ Energy Council advocacy document here: [www.bec.org.nz](https://www.bec.org.nz)

# Infrastructure

Infrastructure investment and resilience matter deeply for business competitiveness as well as community prosperity. We have seen our infrastructure deficit increase and the building of new infrastructure has become incredibly costly and time consuming compared with international best practice. The current state of our infrastructure is seriously inadequate, with the current deficit projected to be worth \$210 billion.<sup>14</sup>

Resilience is increasingly recognised as a big part of what we all need to think about. In 2019 for example, NIWA estimated that 700,000 people and 411,516 buildings worth \$135 billion and 19,098km of roads and 1675km of railways were exposed to river flooding in the event of extreme weather events.<sup>15</sup> With climate change and more severe weather events expected, businesses are extremely concerned about the resilience of our infrastructure.

We need a system that encourages efficient and fit for purpose investment in natural resource and infrastructure development for the economic, social, environmental, and cultural well-being of current and future generations of New Zealand.

14 - InfraRead January 2023, Infrastructure NZ  
15 - New report highlights flood risk under climate change 2019, NIWA  
16 - Planning Forecast September 2022, Business NZ

## Infrastructure Funding

There are enduring concerns as to how to pay for the extensive upgrades to infrastructure and how to make sure they remain fit for the future.<sup>16</sup> The future of our assets must be resilient to weather events and properly maintained for the long term. To business, the future of this investment and management looks like public private partnerships, and a commitment to the widest range of instruments such as infrastructure bonds, private investment, innovative funding and financing, social investment bonds and user pays models such as tolls.

### Recommendations

1. Assess and deploy the widest range of funding mechanisms to enable faster and better-quality infrastructure that best allocates risk and cost.
2. Broaden the Te Waihanganga/Infrastructure Commission's mandate to focus on how to build more infrastructure quickly in the most creative ways possible across central government, local government and the private sector.

**“not improving NZs infrastructure risks losing our competitiveness”**

**“road to zero will not be achieved through campaigns, it needs adequate infrastructure”**

**“Government has gotten better to deal with at a procurement level – we need to take an innovative approach to contracts for building infrastructure so that we can engage more NZ businesses and influence SMEs”**

**“there needs to be a bipartisan approach to give companies confidence to invest in projects and climate technology”**

## Infrastructure

### Resource Management

The Resource Management Act (RMA) has not provided for adequate environmental protection while at the same time many businesses testify to their inability to develop infrastructure and undertake business development given the slow and cumbersome nature of the processes involved.<sup>17</sup> Business feels there is no solution to New Zealand's infrastructure inadequacies on the horizon, with successive RMA reforms failing to give members of the business community confidence to invest. Environmental policy should balance the need for development and focus on the effects of activities rather than regulating the activities themselves.

One fundamental pillar of any market economy relates to property rights being clear and unambiguous and able to be upheld in a court of law. Where property rights are removed or reduced by way of regulatory changes, compensation should generally be paid. Without reasonable security from confiscation by the state or others, the current incentive on individuals and businesses to invest and build up productive assets will be weakened.

17 - Natural and Built Environment Bill Submission, Business NZ

### Recommendations

1. Ensure that resource management laws prioritise development, recognise the importance of upholding property rights to encourage efficient investment.
2. Provide for longer consenting rights for resource use that will encourage business investment in expensive long-life assets.
3. Introduce a compensation regime for regulatory takings to encourage better decision-making from regulators when affecting private property in the public interest.

### Energy

One of the greatest investments that must be made in decarbonising our future is in energy infrastructure based on an energy strategy that balances affordability, reliability and sustainability.

The Government must balance domestic consumer emissions reductions with continuing to meet energy needs. It should support the development and deployment of technologies that will reduce the emissions intensity of the energy system over time and provide the right policy settings for the energy sector to have confidence to invest in new generation, technologies and activities. As noted above, the ETS should be the core driver of emissions reductions in the energy sector rather than direct government intervention.

In particular, businesses tell us that the current Government's interest in potentially building the national battery project at Lake Onslow, and its 100% renewable electricity generation aspirational target by 2030, is leading to a great deal of investment uncertainty and a lack of optimal generation investment as a result.

### Recommendation

1. Reduce uncertainty and intervention in the energy sector and set predictable policies that encourage the market to invest in modern, efficient and affordable generation mix so that New Zealanders can have secure access to energy.

For a deeper dive on Energy Advocacy, check out the BusinessNZ Energy Council advocacy document here: [www.bec.org.nz](http://www.bec.org.nz)

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