

The logo for the Environmental Management Agency (EMA) of New Zealand, consisting of the letters 'EMA' in a bold, blue, sans-serif font.

EMA

Helping business succeed
Ratonga tautoko pākihi

A scenic photograph of a coastal landscape. In the foreground, there are lush green trees and bushes. The middle ground shows a dark, sandy beach curving along the coast, with waves breaking onto it. The background features a large, rocky headland jutting into the ocean under a clear sky.

2023 POLICY

MANIFESTO

The single biggest change the EMA would like to see for its members and communities post the October election is not a policy change at all – it's an attitude change.

INTRODUCTION

There are more than 560,000 registered businesses in New Zealand employing more than 2.3 million Kiwis but there is a pervasive attitude and narrative that often paints business as unscrupulous, unfair and uncaring. Instead of acknowledging the risks and celebrating the contributions of business, the focus in the past few years has been on the tiny percentage of businesses that may fit that negative narrative.

Taking the plunge into business ownership is a bold step, particularly in the current environment. There is more complexity than ever, failure rates are high, and the major successes uncommon.

But without the success of those many small to medium-sized businesses that make up 97% of New Zealand's economy, our communities cannot thrive and grow. The country cannot support its goals for education, health, housing and infrastructure and the lifestyle that New Zealanders treasure begins to fade.

A thriving, growing, more productive business sector mindful of its environmental, climate, diversity and community responsibilities, is critical to the success of our country and that role should be acknowledged by any new Government.

The business sector has repeatedly stated its desire to work and partner with Government, providing ideas, resources and even funding to help the country achieve its goals. Acknowledging that position of importance would be a huge step for a new Government.

Throughout our policy wish list, the EMA has suggested and asked for measures that will help create a more productive economy. Encouraging investment in our people and new technologies should be a given in trying to address New Zealand's relatively low-scale achievements in improving productivity.

An incoherent immigration policy linked to increasing failure rates in our education system is a major concern

for employers looking for work-ready talent to enhance their businesses. We have a great scheme to assist apprentices but an immigration scheme that makes it difficult to bring in the skilled people needed to train them.

We also need an attitudinal change towards international investment in New Zealand and the financial tools available to support and repay that investment. Otherwise, we will continue to widen the infrastructure gap that was brought into stark relief by the recent weather events.

The quickest way to significant emissions reductions and decarbonisation of industry is through electrification, both of the national vehicle fleet (freight and private vehicles) and the energy required by industry.

Without international investment and without removing the barriers that hinder major infrastructure delivery – finance, funding, consenting and workforces – our infrastructure gap will continue to grow and the resilience of our current infrastructure will continue to falter.

While macro-economic numbers continue to show that New Zealand is doing okay, resilience amongst the multitude of smaller businesses that make up our economy is low. Many of the business people we work with at the EMA have been running hard for two or three years.

There is fatigue caused by Covid, weather events and a slew of employment and other legislation that has generally raised costs and increased complexity with no discernible benefit to business. And there is growing concern about the mental well-being of business owners and their people.

Positive signals about the value of business to the country from a new Government in October would be a welcome relief and perhaps a turning point for the business community.



2023 Election Wishlist

INFRASTRUCTURE

- An agreed strategy, complete with long-term prioritisation, to drive addressing New Zealand's infrastructure deficit.
- An agency charged with implementing that programme with cross-party acceptance to deliver that strategy.
- The acceptance and use of a wider variety of funding and financing tools to speed up the delivery of those projects including:
 - Accept the necessity of Foreign Direct Investment (FDI) and loosen New Zealand's highly restrictive international investment settings with financing tools to support repayment of that funding i.e., tolls, infrastructure bonds, GST sharing, more Special Purpose Vehicles (SPVs) and private sector investment.
 - Encourage and enable local investment from large-scale investors such as ACC, Iwi, Super Fund and the private sector using similar financing tools for repayment.
 - Pilot a "city or regional" deal in Tauranga/Bay of Plenty, Northland or Auckland. The deals are common overseas to address infrastructure shortfalls with repayment to central Government through general tax and GST takes. Crown Infrastructure Partners (CIP) could develop one of these deals.
- Utilise overseas expertise and methodologies to address local skills and knowledge gaps. Enable temporary immigration solutions to access necessary construction workforces and expertise at scale. We'll get better, faster more resilient infrastructure as a result.
- Rethink our priorities in considering our infrastructure to meet the resilience issues the recent floods and cyclone have highlighted. Regularly isolating communities both socially and economically for weeks at a time is not acceptable. Rethink environmental concerns to prioritise rebuilding networks in parts of the country where the needs of communities frequently isolated should take precedence.
- Design a resource management system that no longer delays major infrastructure in years of red tape. The proposed cuts to the new Dunedin Hospital design are a classic example of a project delayed so long that the original concept is now being cut back solely because of the costs imposed by those delays. Current RMA reforms appear unlikely to deliver that system.
- Complete the roll-out of broadband technologies to all rural areas to enable universal connectivity and digital inclusion for all of our communities.
- Prioritise key regional transport infrastructure projects linking Northland, Auckland, Waikato and Bay of Plenty. These projects are well known but continue to languish and include options to enhance public transport as well as freight and private vehicle movement.



EMPLOYMENT RELATIONS

- Scrap the existing Fair Pay Agreements one-size-fits-all legislation and revisit, on a case-by-case basis, occupations, or sectors where a case can be demonstrably made for baseline pay and conditions in a specific occupation or sector.
- Reinstate the 90-day trial for all businesses to see if that makes a further impact on reducing the number of NEETS.
- Introduce index-linked minimum wage increases.
- Develop a voluntary pay gap reporting regime to create more equality in the workforce.
- Drop "living wage" requirements for contractors to central and local Government.
- Expand the RSE scheme into other fields and provide vocational training for all participants to increase their skill base.
- Create a Fly-in/Fly out style visa for Pacific Island communities enabling better utilisation of skills and freedom of movement for skilled workers.

PRODUCTIVITY / INNOVATION

- Extend funding to assist the implementation of the Advanced Manufacturing Industry Transformation Plan (ITP) to \$60 million over five years to truly embed the required changes and opportunities for the economy.
- Develop advanced manufacturing development zones to encourage industry consolidation, innovation, infrastructure efficiency, and greater carbon reduction opportunities.
- Integration of the innovation opportunities from the seven Industry Transformation Plans in partnership with business groups like the EMA to maximise the opportunities to improve productivity and economic competitiveness while encouraging Māori and Pacific workforce inclusion.
- R&D Tax credit system improvements:
 - Relax R&D funding requirements to recognise incremental improvements to existing technology.
 - Raise overseas caps for foreign activity (currently only 10% of eligible spend offshore).
 - Acknowledgement of internal R&D not just when companies get externals in.
 - Better 'innovation' definition so that it is easier to prove new/innovative.
 - Higher rate of credit – 15% is too low with other costs rising.
- More rapid rates of depreciation for a higher threshold should be introduced for investment in new technology, hardware, and software to encourage further investment in innovation and productivity improvements. This would help overcome our significant skills shortages, create pathways to develop new skills and help address New Zealand's chronic lag in productivity compared to our international competitors.
- Stronger links between Government, iwi, and industry (i.e. through ITPs) for looking at issues, problem-solving and delivery.
- Drive enablement of innovation by businesses through providing more flexibility to Banks around risk weighting for business loans.
- Prioritise innovation from New Zealand companies, including Māori and Pacific-owned entities, in the Central and Local Government procurement system. Include a requirement for foreign owned suppliers to help develop local skills.
- Use science-based GMO solutions to support climate change goals, and Predator Free 2050 strategies.



TAX

- Any Capital Gains should be revenue neutral. A Capital Gains Tax should focus on non-productive asset classes otherwise it would risk discouraging investment in productive assets.
- Before considering new taxes we should be looking at how we are spending our current tax revenue – are we extracting maximum value from our increased spend in the public service, are we getting the best value on for infrastructure spend and what other areas can we look at to ease the tax burden and exercise restraint rather than raise new taxes i.e. raise the retirement age to reduce future spend on superannuation?
- Introduce tax-adjusted tax thresholds to negate bracket creep in the tax take as wages rise and adjust tax brackets to give those most in need an immediate long-term income boost to help overcome the effects of inflation. If necessary, cap that new tax break to those earning less than an agreed wage.
- Realign the Corporate and Trust tax rates and look at adjusting corporate tax downwards in line with competitor countries to further encourage investment in the productive economy.

CLIMATE CHANGE

- Constant interventions, reviews, and flip-flops create large regulatory risks that undermine the effectiveness of the ETS. The sinking lid and price settings should be set out over a longer period, with settings being reviewed less frequently. This will give more certainty about price trajectory and enable investment decisions. The ETS should also be enabled by fixing the resource management regime and solving technology availability issues that block businesses' ability to follow through on the signals sent by carbon prices to decarbonise. Current policy settings are driving a disorderly transition and unsettling investor confidence.
- Focus on emission abatement/reduction measures in New Zealand to reduce carbon rather than sequestration measures. Sequestration is currently leading to productive land being bought and turned into forests to offset emissions elsewhere in the world.
- Create a national infrastructure charging network to support electrification of the vehicle fleet as one of the key factors in a national infrastructure plan.
- Ensure any further RMA reform – including the current process – reflects and enables the desire to invest and quickly build more renewable energy resources.
- The 2030 deadline for a transition to renewable energy should be pushed back, and an acknowledgement that gas should be a part of a managed transition to provide stability to consumers, businesses, and communities.
- Abandon the Lake Onslow proposal and encourage and enable more investment and construction of more cost-effective, smaller scale options across the country.
- A support system for businesses going through the transition from fossil fuel energy to electricity around related costs i.e. cabling upgrades etc.

IMMIGRATION

A simplified streamlined Immigration system to fill skill gaps that employers can't fill locally.

- Attracting the right skills to New Zealand.
 - Acknowledge vocational tertiary education and skills in the Skilled Migrant Category 'skilled, settled or scarce', with pathways to residency at all levels.
 - Ensure our investor migrant visa policy is attractive and working well and re-establish the entrepreneur visa.
 - A 12-month single-entry Visa for short-term needs – no wage requirement.
 - An ability to quickly bring in international skills for large-scale projects by major companies.
 - Greater overseas qualification recognition and quicker registration.
 - Improving people mobility and international qualification recognition with our key trading partners.
- Ensuring we look after migrants onshore.
 - Better resourcing of the labour inspectorate rather than tighter settings and more new rules.
 - Pacific Overstayer Amnesty – or pathways for settlement/ exploration of open mobility.
- Drop the median wage threshold to allow employers access to the talent they need.
- Make the most of those already onshore.
 - Reinstate Post Study work rights – only 30% stay past five years after studying – align courses to skills New Zealand needs.
 - Working holiday visas – two-year rather than 12 months, not under accreditation and consistency of settings between countries.
 - Student visas should have open work rights, not under accreditation.
 - Partners of work visa holders should have open work rights.
 - Allow employers the flexibility to move migrant workers to other locations in their workplace.
- Demographic and Infrastructure forecasting to ensure we have the capacity for these migrants.



EDUCATION

- Clear pathways for current and future careers and high-quality career support.
- Ensure students are prepared with key skills to engage with the world outside of education i.e. financial literacy and communication skills.
- Develop models for delivering specialist curriculum areas, like STEM via broadband enabled remote learning, to enable all students in the compulsory education sector access to these subjects to maximise their potential participation in the workforce.
- Investment and action on building teacher capability; more collaboration with industry/technical subject matter experts and initial teacher education; more applied learning alongside academic learning, especially in STEM.
- Better engagement between schools and employers in pathways to employment, careers education, and work experience.
- Revive international education with a focus on qualifications that lead to filling essential skills gaps.



SKILLS

An efficient tertiary education system that enables continuous learning of workers to meet skills businesses need and also complements immigration.

- Employers incentivised for undertaking training for their staff to upskill our domestic workforce and reduce pressure on the immigration system. This could be done in a variety of ways i.e. through FBT, as a tax credit, or through a voucher system.
- Apprenticeship Boost scheme kept permanent.
- Professional Careers Support across all ages/stages of education/tertiary/employment.
- Government should incentivise and fund Record of Current Competence (RCC), Record of Prior Learning (RPL) and Micro-credentials – backed by insight from industry. This encourages the acknowledgement and building of people's competencies as well as qualifications.
- Future demographics of the working population and industry needs to be kept front of mind for both Government and business activity to ensure we have the skills needed in the future.
- Develop a long-term workforce strategy looking at the size and shape of the workforce that New Zealand needs to ensure sustainable economic growth.



HEALTH AND SAFETY

- Ensure the ACC system is employer-easy and has easy access.
- Push for more Government direction and funding to explore and produce guidance on hybrid working.
- Keep demonstrating the real cost to business that Health & Safety changes have made.
- Continue to develop programmes like First Steps to support business owners, managers and their worker's wellbeing and resilience.
- Explore opportunities to develop better data and information gathering to inform health and safety approaches that are sector specific and fit for purpose.

EXPORT

- Develop bi-lateral trade agreements with the USA and India, with areas like technology transfer in the latter including agritech.
- Continue to push for improvements in current FTAs including specific inclusions on indigenous trade and the Māori economy, while pursuing opportunities for new agreements.
- Build stronger links with emerging economies in Asia and the African Union.
- Expand trade agreements with Pacific Island nations.
- Continued focused and ongoing resolution of Non-Tariff Barriers (NTBs). The uncertain trade outlook and rising protectionism/nationalism make resourcing and supporting efforts to remove these barriers critical to our ongoing export success.
- Further investment in Supply Chain Resilience and Reliability through prioritising investment in New Zealand's domestic freight and supply chain system including roading, rail, coastal, and air transport options.
- Continue to push our trading partners to revive the World Trade Organisation and reinstate the WTO Disputes Settlement process.






OTHER

- Bring in a four-year term for central and local body elections.
- More genuine partnerships and consultation between business and Government, including data sharing to enable better policy development and decision-making.
- State Sector Reform, including targets for delivery in critical areas such as health and education. A return to considered policy-making that also must include both Regulatory and Financial Impact Statements and assessments of any additional compliance burdens.
- Complete the implementation of the Social Investment Model to provide better outcomes for families, rangitahi and communities.
- Protection of staff from the impacts of increased crime rates is an increasingly difficult issue for businesses to manage. A concerted response from Police and other agencies is required to keep people safe and deal with the complex factors behind the increasing frequency and violence business staff are facing. Greater use of technologies including drones and AI to assist in dealing with crime.

HELPING BUSINESS SUCCEED.



**INSIDE EVERY
GREAT TEAM
YOU WILL FIND
THE EMA.**

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