Election Policy
Manifesto 2017
A business view for the 2017 New Zealand general election

The EMA’s 2017 Policy Manifesto is a reflection of the views of many of our 4100 members in the region from Taupo to the Far North gathered through surveys, forums, focus groups, briefings, meetings and conversations with members. It also reflects the findings of various research projects and represents EMA views in the key policy areas defined as critical to the success of our member businesses. They are the EMA’s priorities for the next Government to address.

In summary, those policies are:

1. Reform the resource management system
2. Expedite critical national infrastructure
3. Increase funding options for local government
4. Ease Auckland’s congestion
5. Review Electricity Authority transmission pricing
6. Speed up the growth of exporting
7. Encourage innovation
8. Manage ageing workforce issues
9. Update the Holidays Act and enact a workable pay equity law
10. Close the skills and training gaps

1. Reform the resource management system
The EMA agrees with the Prime Minister that the Resource Management Act (RMA) is past its use-by date and needs a complete overhaul. Since replacing the Town and Country Planning Act 25 years ago the RMA has proved to be a handbrake on growth and economic development, failing to cope with rapid urban growth and requiring multiple workarounds to cope with natural disasters and progress large-scale projects.

The EMA’s recent joint research project also found the Act is failing to protect New Zealand’s environment. However, the changes and challenges required to manage growth and economic development while protecting our environment are far more difficult than just RMA reform. The RMA is part of a hugely complex system of resource management that also includes its interactions with the Local Government Act, the Land Transport Management Act, Unitary Plans and even the latest proposals for Urban Development Authorities. There is growing recognition across political parties and stakeholder groups that the current environmental and planning systems in New Zealand are failing.

Recommendation
Given the complexity and scale of the issues facing our resource management planning systems, and the need for wide stakeholder agreement on a future pathway to managing environmental and development agendas, the EMA recommends convening a Royal Commission or similar inquiry.

This national conversation would then lead to binding recommendations on how the country goes about reforming its planning and related environmental protection systems.
2. Expedite critical national infrastructure

The EMA believes infrastructure leads economic development. The EMA is supportive of the current $110 billion infrastructure plan for the next 10 years and was further encouraged by Government’s recently-announced, additional $11 billion in infrastructure spending over the next four years.

However, these plans and projects remain subject to possible ongoing political tinkering and suffer from implementation issues as central government ministries and agencies and a multitude of local government authorities are responsible for their delivery. Delivery of these plans and projects is inconsistent, with the construction industry also concerned about a sporadic project pipeline. The use of various alternative funding and financing tools remains politically contentious.

Recommendation

The EMA wants New Zealand to adapt and adopt international models that create independent strategic planning and delivery vehicles for the provision of critical national infrastructure to support economic growth and social wellbeing.

While reporting to the Government of the day, a recommended National Infrastructure Group would be given the independence and accountability to develop a national infrastructure strategy for the next 30 years and then be charged with its governance, delivery and funding. This group should be structured in such a way as to provide continuity through changes of Government and could perhaps combine and build on the current resources of the National Infrastructure Advisory Board and Treasury’s National Infrastructure and PPP units. Like similar models in the UK and Canada, it would be a centre of excellence in financing (including attracting significant international financing), funding and procurement of major infrastructure projects and a shared resource across national and local government bodies.

3. Increase funding options for local government

The pressure on local government to fund its share of infrastructure is becoming intense. Rapidly-growing cities and centres can’t find the funds to build infrastructure for new and future growth, while towns and regions with stagnant, ageing populations or decreasing ratepayers’ bases are struggling to maintain critical existing infrastructure.

Auckland’s funding situation highlights the problem, but it is clear that local authorities can no longer rely on rates as the basis for their revenue if they are to keep up with growth or maintain their current infrastructure.

Recommendation

Give local authorities the legislative changes they need to allow them to widen their fundraising capabilities.

Adapt for New Zealand use, some of the various international models such as Municipal Utilities Districts (MUDs) in the United States, Tax Incremental Finance (TIFs) in the United Kingdom, greater use of internationally financed PPPs, aggregation of regional districts into Hubs to assist developing, financing and implementing a pipeline of infrastructure projects, infrastructure bonds, targeted rates, and value capture mechanisms such as development taxes and infrastructure taxes.

4. Ease Auckland’s congestion

The EMA and various partners have identified that the Auckland economy stands to benefit by at least $1 billion annually through decongesting the city’s roads. This is a prize the city, region and country cannot wait to capture.

Auckland businesses are losing significant annual productivity while they wait for promised decongestion of the roading network. Staff can’t get to work and businesses reliant on mobility around the city are failing to make deliveries or meet their service time frames. The Auckland Transport Alignment Project (ATAP) currently focuses on a 10-year timeframe to introduce decongestion measures, while the plan’s overall premise is that congestion will get no worse over the next 30 years. But both the significant costs and the significant upsides from decongestion are apparent now and there are gains to be made for the liveability of the city, and the environment, from decreased congestion and enhanced productivity.

Recommendation

Speed up the timeframe for introducing decongestion measures by appointing a governing body charged with delivering and funding the Auckland Transport Alignment Project (ATAP).

Introduce decongestion charging and other available measures such as debt funding and PPPs to hasten the delivery of ATAP to get Auckland moving now, not in 10-30 years’ time.

Ensure transport planning and land use planning are aligned in the near future to better plan for managing traffic flows and congestion.
5. **Review Electricity Authority transmission pricing**

The EMA has a concern that regulation in New Zealand has moved away from the previous light-handed touch to a prescriptive, heavy-handed approach that ignores or pays little attention to its impact on industry and consumers, and seems impervious to checks and balances. This is exemplified by the Electricity Authority (EA) and its dogged pursuit of changes to the existing transmission pricing regime. As a result the EA has lost the confidence of many in the industry. The EA drove a solution to a problem the industry couldn’t agree existed, and appeared to ignore both the weight of internationally recognised expert opinion against the proposals and the potential negative impacts on costs for residential and business customers.

**Recommendation**

Examine the Electricity Authority, questioning the need for an additional regulatory body that could well be encompassed in the Commerce Commission, and test its capabilities, resources and performance.

6. **Speed up the growth of exporting**

Trade and exporting is New Zealand’s life blood. While the United States has exited the Trans Pacific Partnership Agreement (TPP) and the United Kingdom has exited the European Union, many opportunities remain for expansion of New Zealand’s trade horizons.

**Recommendation**

The EMA and its sister organisation, Export New Zealand, support the Government’s goal to have more than 90 per cent of exports covered by free trade agreements (FTAs), and all efforts to revive the TPP with the remaining 11 signatories to the original partnership agreement.

The EMA also encourages the rapid resolution of a free trade deal with the European Union (EU), the pursuit of a similar agreement with the United Kingdom as it exits the EU, and welcomes any steps to speed up the finalising of the Regional Comprehensive Economic Partnership (RCEP) agreement among 16 Asia-Pacific economies.

7. **Encouraging innovation**

The Government’s 2015 Business Growth Agenda (BGA) had a revised target of 1 per cent of GDP being spent annually by business on research and development (R&D).

At that stage the R&D spend was just over 0.5 per cent and has climbed slowly since, to be around 0.7 per cent - still well behind Australia and even further behind the OECD average.

The Government’s R&D funding model does not appear to be providing the impetus required to take New Zealand to the 1 per cent target outlined in the 2015 BGA, nor is there any timeframe in the BGA for reaching that target.

**Recommendation**

The EMA recommends Government seeks an R&D funding model, perhaps in consultation with business, which will prove accessible to all levels of business and adds a hard target date to the BGA for reaching the 1 per cent R&D investment goal.
**10. Close the skills and training gaps**

Attracting and retaining staff, finding the talent to fill skills gaps and dealing with the issues that will inevitably arise from our ageing workforce are issues confronting our employer members on a daily basis. The EMA was disappointed that a number of recommendations included in the Productivity Commission's Report on Tertiary Education were rejected. The EMA believes there must be better links between business and the education sector, with a greater focus on the trades and providing workers with new skills as they progress through the workforce.

Recommendation

Apply more funding to filling the skills gaps in the trade sector, and take an employer-based approach — outside the traditional bricks-and-mortar-led approach — to providing future skills training. Employers know and can predict where they will be lacking skills in the future and can respond far more rapidly to changing work patterns and skill requirements than our institutions.

Policies need to reflect lifelong career development with continuation of funding and support for Workplace Literacy programmes.

The immigration process should also be less complicated, having greater emphasis on the points system to meet the skills required by employers. Automatic extension of temporary work visas should be granted in sectors placed on the Skills Shortages List.

**8. Manage ageing workforce issues**

Coping with the needs and issues created by an ageing workforce is becoming a major concern for EMA employers. The ageing workforce will put further pressure on the skills gap, and employers will need to manage demands as key staff reorder their priorities or need re-training.

During its research on the issue the EMA discovered multiple agencies working on similar projects. Clearly a co-ordinated and coherent approach is needed to develop a national approach to this critical workplace issue.

Recommendation

Create a Commissioner to coordinate the resources already being poured into this area of concern for the future of the country. This Commissioner would give direction to, and manage, the resources of the various groups already working on this issue to develop a national plan for managing our ageing workforce.

**9. Update the Holidays Act and enact a workable pay equity law**

The EMA supported and took part in the Working Group that developed the framework that is now being used to process claims in the vexed and complex area of pay equity. That framework underpins developing legislation likely to go before the house ahead of the current election.

But the Holidays Act remains a similarly confusing and vexatious piece of legislation for employers.

Recommendation

The EMA wants to ensure the principles and framework developed by the Pay Equity Working Group are enshrined in the new legislation. Key areas must remain such as an enterprise-based approach to agreements on pay equity and no ability to make retrospective claims.

The EMA also wants a working group approach applied to solving the many issues in the current Holidays Act.