



GENERAL ELECTION DIRECTIVE

A Waitaha Canterbury Business View for the
Aotearoa New Zealand 2020 General Election

Prepared by Canterbury Employers' Chamber of Commerce

CANTERBURY
EMPLOYERS'
CHAMBER OF
COMMERCE

Introduction

This Directive from the Canterbury Employers' Chamber of Commerce represents a Waitaha Canterbury business perspective leading up to the 2020 General Election in Aotearoa New Zealand.

It provides insights gained from the June 2020 Deloitte-Chapman Tripp-BusinessNZ Election Survey, which surveyed over a thousand businesses on the Government's handling of the COVID-19 pandemic, and on the policies business would like to see enacted after the 2020 General Election.

The survey was distributed by the BusinessNZ Network to businesses throughout Aotearoa, including The Canterbury Employers' Chamber of Commerce's member and wider Canterbury business community. The BusinessNZ network is the country's leading business advocate, representing Employers and Manufacturers Association (EMA), Business Central, Canterbury Employers' Chamber of Commerce, Otago Southland Employers' Association, and thousands of businesses throughout Aotearoa.

As well as the collective national business community response, this Directive summarises the Canterbury response, and how this sits alongside the views of the national business community. It also provides insights on issues raised by the Canterbury Employers' Chamber of Commerce's member and wider business community.

At the Canterbury Employers' Chamber of Commerce, we are pleased to provide a voice for the local business community and to advocate for policies that will help shape and enable a local and national business environment that promotes innovation, productivity and economic growth as critical success factors underpinning a thriving economy, and providing a strong quality of life and positive community outcomes for all.

A key part of this too is ensuring our operating environment is fit-for-purpose and future-focused, and that businesses have the amenities and support in areas such as education and health to ensure we are able to deliver a vibrant, prosperous and sustainable 21st century experience for our businesses and residents, comparable to other major cities around the world.



About us

The Canterbury Employers' Chamber of Commerce is a not-for-profit membership-based service organisation that has been the home and voice of business in the Waitaha Canterbury region since 1859.

Comprised of over 2,600 member organisations that represent over 60,000 employees, the Canterbury Employers' Chamber of Commerce's purpose is to empower people in business by providing advisory and consultancy support in employment relations, human resources, health and safety, international trade, migrant support, manufacturing, research and development grants, training and development, and events to inspire, inform and educate our members.

In the COVID-19 environment, this has also included providing support to all businesses in Te Wai Pounamu the South Island through our 0800 50 50 96 COVID-19 Business Helpline and our dedicated COVID-19 Response Team.

Summary: What does business want?

The national business community response was that businesses want a more enabling environment for enterprise, as outlined by the following recommendations:

1. Focus on the economy – restoring economic performance should be the Government's main priority, with the consequent benefits that flow to businesses, workers and communities
2. Plan for reopening borders safely - To assist with our economic recovery
3. Build and maintain required infrastructure – and ensure our infrastructure supports business and community, alongside providing employment, both now and in the future
4. More effective resource management – upgrade the rules for managing and developing Resources to be fit for purpose for a changing and rapidly-evolving environment
5. Cut regulation – reduce the load of regulations on businesses, and in particular for small business
6. Build skills – provide more training in the applied skills needed by business
7. Stay ambitious for sustainability – because customers and business prospects depend on it
8. Land and water management – ensure new legislation if fit-for-purpose.

Current state of play

We are living in a time of unprecedented change. The situation around COVID-19 has rapidly evolved in a very short space of time, with dramatic social, health, and economic impacts.

No-one could have predicted the immense impact that COVID-19 would have on our way of life and our ability to conduct business, or the agility and speed of our business community's response to this unprecedented situation.

During the early days of the pandemic, it was described as a 'one-in-one-hundred-year event'. Such an event requires a response of that magnitude as well, which is why we are fortunate to be living in a country that has met that challenge head on and hit hard and early. We have seen this through the swift escalation of alert levels, and the significant financial support packages.

Through our BusinessNZ Network, the Canterbury Employers' Chamber of Commerce has been working closely with Government to ensure there is support that meets the needs of business, including practical measures to promote business and job continuity and we acknowledge the Government's response to the prioritisation of these issues.

Now more than ever, this engagement is critical to ensure that the country has a business environment that promotes, supports and enables innovation, productivity and economic growth underpinning the survival and recovery of our economy moving into repositioning for the 'new normal' and providing a strong quality of life and positive community outcomes for all.

The last few months have also shown that we are in the midst of a 'w'-shaped recovery - bearing the impact of recurrent waves of COVID-19 and the accompanying yo-yo of alert levels. This reinforces just how prepared we all need to be to help keep our businesses open and operating safely through alert levels.

Government plan of action

The majority of the business community believe the initial COVID-19 lockdown period and its aftermath were managed reasonably effectively by the Government with 71% of both national and regional survey respondents rating the Government's effectiveness as good or excellent.

While the initial Government response to COVID-19 was believed to have been managed effectively, the last few months have demonstrated that businesses need more clarity and better processes and systems from Government going forward for managing any future regional outbreaks. There have been some very real challenges around testing, quarantine, exemption decisions, processing and time-frames that we cannot afford to see repeated in the coming months should we have any further regional outbreaks.

When the new Government takes office, businesses would like to see:

- A plan that recognises that we are likely to have COVID-19 cases in our community for the foreseeable future and therefore must have a regime that ensures we can keep as much of our economy open as is possible, doing so safely.
- Pandemic management: Businesses want more clarity and transparency around border access and control, testing and tracing, and a risk-based approach to controlling community spread of Covid-19, given that a return to Alert Level 4 lockdown comes at a very high cost.
- Economic management: Businesses say economic recovery should be led by business; they don't want increased taxes and want to grow the economic recovery in New Zealand instead.

The full costs of COVID-19 stimulus and support measures will become apparent in the near future, and the Government that takes office after the election will be responsible for charting the course towards economic recovery through transformation, while also repaying the debt.

Businesses are conscious of the potential for unmanageable debt and are concerned that a prolonged period of financial support could mean significantly higher taxes in future. Businesses want political parties to spell out their policies for paying for Covid policies, including any policies for raising taxes in future. Businesses believe economic recovery or transformation is best led by business.



What does business want?

1. Focus on the economy

Any Government must look after constituencies that have different priorities and needs at different times. The New Zealand Government officially focuses on four well-beings – cultural, economic, environmental and social – while attempting to provide for the general well-being of New Zealanders overall. Given the current COVID-19 crisis, the Election Survey asked which of the four well-beings should receive priority over the coming period.

86% of national respondents and 88% of Canterbury respondents said Government's highest priority should be economic well-being. Businesses believe economic well-being is essential for supporting the other well-beings, and say it is best delivered by way of business and economic growth, rather than by a reliance on taxation. 91% of businesses (92% in Canterbury) said they wouldn't support higher personal tax and 88% (91% in Canterbury) said no to higher corporate tax.

Government plan of action for the economy

Canterbury businesses lack confidence in the Government's plan to lift our economy, with 69% of respondents (65% in New Zealand) saying they don't consider the Government has a coordinated plan of action focused on raising New Zealand's economic performance. This shows just how important it is that the new Government clearly articulates its plan for the future, with tangible outcomes and milestones to provide businesses an assurance that the Government is working in collaboration with business and the wider community for the best economic and social outcomes for all.

2. Plan for reopening borders safely

Businesses want to see a plan for better, more efficient border management controls so borders can be opened safely as soon as possible to allow the movement of people and goods between COVID-19-free and low-risk countries. The need is acute for New Zealand, as much of our economy depends on connections with the rest of the world and access to skilled labour from overseas for long- and short-term assignments.

Businesses requiring highly skilled executives and workers, tourism and hospitality businesses that look after four million overseas visitors every year, institutions educating 65,000 international students, hundreds of New Zealand exporters requiring access to overseas markets – all need to hear political parties' plans for how New Zealand can reconnect with the outside world safely and soon.

3. Build and maintain required infrastructure

Infrastructure matters to business and the wider community: roads, rail, utilities, communications networks and other physical structures support business' everyday needs. Ongoing investment in modern infrastructure is required to maintain business competitiveness. Investing in infrastructure and its maintenance is also positive for providing jobs and shoring up the economy during periods of emergency.

The Election Survey asked whether infrastructure spending is a useful mechanism for helping the economy recover from economic shock from COVID-19; 80% of national respondents said yes (76% in Canterbury). 70% of national respondents think the central and local government should borrow to directly fund infrastructure to support business recovery and future growth, with Canterbury respondents a little more cautious at 65%.



4. More effective resource management

Resource consents, building consents and other local government requirements are a fact of life for business. Developing land, building premises, connecting services, using resources and many other activities require consents to be obtained. Businesses have long been concerned at the regulation inconsistency and costs involved in getting resource and building consents and have called for local government to be an enabler of business growth rather than putting up barriers to growth. Businesses want the RMA to be improved to be fit for purpose in a rapidly evolving environment or replaced.

Recently the RMA was changed to allow the Government (but not business) to be exempted from some requirements for new developments – businesses were asked if this latest change shows the need for a full overhaul of the Act: 80% of national respondents said yes (78% in Canterbury). Both Labour and National have indicated they will introduce significant change to the RMA if voted into Government at this election, which is well overdue, such as separating planning and environment into two separate pieces of legislation (National), and improving enforcement powers, providing for better and faster freshwater planning processes, and aligning the Act with the Zero Carbon Act (Labour).

5. Cut regulation

Regulations and laws affecting business continue to increase, with tax, employment, health and safety and many other regulations creating a large compliance burden for business, and in particular small business. However regulatory safeguards that would help prevent unnecessary regulation, such as Regulatory Impact Statements, have been discontinued during the COVID-19 pandemic.

Businesses believe a key part of our economic recovery will be the removal of legislation and regulations that unnecessarily restricts the freedom of businesses to operate, treats businesses and employers unfairly, or represents unnecessary financial, operational or compliance barriers and burdens for those who seek to create jobs and boost the economy. 79% of national respondents and 77% of Canterbury respondents believe the Government needs to do more regarding reducing regulatory burdens on business.

They would also like a more effective process for regulatory changes, with 64% of national respondents (66% in Canterbury) citing the Government's process as not satisfactory.

This could see a more engaged process, with decision-making based on economic thinking that considers all costs/benefits, including the disproportionate impact on 97% of our business community – SMEs. This could include initial discussions among key parties, an issues paper, then discussion document, then a draft Bill and final Bill. This would ensure that all parties are heard, with a robust cost benefit analysis complete. When effective processes for regulatory reform are not followed, this heightens uncertainty for the business community, and inhibits new projects or expansion.

6. Build skills

For a long time, businesses have been finding it hard to attract and retain skilled staff. The lack of relevance of vocational training to industry and a poor skills pipeline in key industries have contributed to a significant skills mismatch in the labour market and persistent skill shortages in some industries, so businesses have often turned to overseas workers with the right skills.

Border closure because of COVID-19 means it is very difficult to bring in talent from overseas for now and has highlighted the importance of training more New Zealanders in the skills most needed by business. The Election Survey asked businesses to rank the top three skills they believe should be prioritised by Government. At a national and regional level, the top two were to:

- Incentivise business to take on apprentices and/or provide more training
- Focus on applied STEM skills: science, technology, engineering and maths at all learning levels

At a national level, the third priority was stimulating the economy to get people into jobs quicker; however Canterbury respondents signalled that the third priority should be taking a more company and industry-oriented approach towards developing solutions to skill gaps and labour market constraints. This shows that a one-size-fits-all approach is not the most effective solution; rather a regional approach, with targeted engagement will be important to address this issue. It will also be vital that there is equity of access to the ability to re-skill.

Even with the increased availability of New Zealanders to fill labour and skill shortages, many businesses and sectors in Canterbury will continue to rely on the expertise of migrant workers to fill gaps and bolster productivity. Offshore workers, particularly those with current valid work visas, must be prioritised once border restrictions are eased.

7. Stay ambitious for sustainability

With such a significant and critical issue as COVID-19 impacting everything from our way of life to how we conduct business, it is also important that other key pre-COVID-19 issues aren't forgotten.

The Election Survey asked whether sustainability is important for business, and why. Businesses say sustainability is important to meet customer expectations (New Zealand: 65%; Canterbury 64%), for reputation (60% New Zealand and Canterbury), and for future proofing (New Zealand: 48%; Canterbury 53%). This finding points to the importance of continued, ambitious Government action on sustainability issues, as well as sustainable practices by business, and a general environment where sustainability is valued.

However, while there is a will to do this; it should not be at all cost. Sustainability goals and action needs to be balanced with the practicalities of applying this framework to businesses, to ensure aspects such as technological capability and costs are not prohibitive – or another burden – on business.

8. Land and water management

There is widespread concern in the primary industry with the practical application and workability of new regulations as well as their economic impact, specifically the National Policy Statement for Fresh Water Management, the National environmental standards for Fresh Water Regulations and Stock Exclusion Regulations. These are intended to address a range of issues associated with fresh water quality and environmental management, particularly in relation to the role that primary production plays in the environment.

Farm management practices identified in the legislation include limits on fertiliser applications, timing of replanting of pasture, stock exclusion and fencing requirements. Additionally, there are limits on intensification of farming operations and consenting will be required for winter grazing practices in many parts of the country.

Many of the new rules will impact all types of farming – and dairy farming most significantly, as these operations are typically higher input and more intensive – and could result in reduced productivity and a reduced labour force.

While the primary industry is supportive of the aspirations of the legislation, there is broad concern about the effectiveness of regulating farm inputs, the additional cost of compliance, and the restrictions being imposed which will reduce farm business decision making agility and resilience. It is important that these new regulations are reviewed and evolved in consultation with the primary sector to ensure environmental needs are balanced with the practicalities of this key industry.



The impact of COVID-19 on our way of life and our ability to conduct business across many of our industries could not have been predicted at the start of the year; nor can we say for certain how this international crisis will evolve in the years ahead.

But what we do know – and saw after the Canterbury earthquakes – is how instrumental central Government decision-making and policies will be on the viability and success of local business. Not only as we all continue to respond, recover and reposition due to COVID-19, but also as we adapt to the changing world that COVID-19 has catapulted us into.

From the new Government, we would like to see a focus on symbiotic engagement with the business community to ensure Aotearoa leads the way internationally not only in our public health response, but also our economic response and recovery too.

Through our role as part of the BusinessNZ Network, the Canterbury Employers' Chamber of Commerce has a proud history of working closely with central Government on key issues that will impact the local business community and look forward to continuing this tradition with the new Government after the election.

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