

ECONOMIC DEVELOPMENT ACTION PLAN

Building a Stronger Economy



120 key actions that underpin National's plan to build a stronger, more competitive New Zealand economy.

Building modern productive infrastructure



Future Investment Fund

1

Future Investment Fund: Use the proceeds of mixed ownership – \$5 to \$7 billion – to invest in capital projects that grow our economy and improve public services.

→ New policy



Roads

2

More investment: Invest \$12 billion over the next 10 years in new state highways and \$1.8 billion in new local roads.

✓ In progress

3

Roads of National Significance: Fast-track work on seven RONS, to reduce congestion, improve safety and support economic growth.

✓ In progress

4

Regional projects: Speed up construction on important regional projects, such as the Rimutaka Hill Upgrade and Kopu Bridge replacement.

✓ In progress

5

Regional networks: Develop key regional roading projects that enhance economic growth and improve the resilience of key inter-regional freight routes.

→ New policy

6

New RONS: Evaluate four new RONS for development, following the final completion of Victoria Park, Tauranga Eastern Link, and Waterview.

→ New policy



Rail

7

KiwiRail Turnaround Plan: Commit \$750 million to the \$4.6 billion plan, to improve the rail freight network and help rail become commercially viable.

✓ In progress

8

Commuter rail: Invest \$1.6 billion to upgrade and electrify Auckland commuter rail and \$485 million to upgrade Wellington commuter rail, alongside local councils.

✓ In progress

9

Clifford Bay Terminal: Investigate the use of Clifford Bay in Marlborough as a new sea freight terminal to improve links between the North and South Islands.

✓ In progress



Broadband and communications

10

Ultra-fast Broadband: Invest \$1.35 billion in public-private partnerships to roll out ultra-fast broadband to 33 towns and cities, with priority users including schools, hospitals and 90 per cent of businesses covered within four years.

In progress

11

Rural Broadband Initiative: Invest \$300 million to roll out much faster broadband using wireless, ADSL, and fibre to rural areas around New Zealand, by 2015.

In progress

12

Digital switchover: Accelerate the television switchover to release 4G wireless spectrum to enhance mobile phone and broadband services.

In progress

13

Network for Learning: Connect schools to a dedicated, nationwide, online network so they can make the best use of modern technology and teaching.

New policy



Electricity network

14

National Grid: Invest \$3.9 billion through Transpower to upgrade the National Grid and ensure security of electricity supply.

In progress



Housing

15

Warm Up New Zealand: Heat Smart: Upgrade 188,500 homes with insulation and/or clean heating devices.

In progress

16

Upgrade state houses: Ensure that, by the end of 2013, every state house built before 1978 that can be insulated, is insulated.

New policy



Schools and hospitals

17

Health facilities: Fund \$1.75 billion of capital expenditure by District Health Boards over three years.

Completed

18

21st Century Schools: Build new schools and modernise existing buildings, including \$1 billion through the Future Investment Fund.

New policy



Rebuilding Canterbury

19

Earthquake Recovery Fund: Use \$5.5 billion for the Government's share of rebuilding essential local infrastructure and repairing Crown-owned assets.

In progress

20

Temporary stadium: Underwrite a temporary 17,000 seat stadium to ensure Cantabrians can enjoy the benefits of major sporting events.

New policy

Cutting red tape and building better regulation



Resource management

- | | | |
|----|---|--------------|
| 21 | Priority consents: Set a nine-month time limit for consenting projects of national significance through the Environmental Protection Agency. | ✓ Completed |
| 22 | Streamlining the RMA: Remove frivolous, vexatious, and anti-competitive objections that can add thousands of dollars to consent applications. | ✓ Completed |
| 23 | Faster decisions: Require councils to provide a discount for late processing of resource consents, up to a maximum of 50 per cent. | ✓ Completed |
| 24 | Six-month processing: Introduce a six-month statutory time limit on the consenting of medium-sized projects. | → New policy |
| 25 | Natural hazards: Better address the risks posed by natural hazards in the RMA. | → New policy |
| 26 | Fresh water: Progress the Land & Water Forum's recommendations to improve freshwater management, quality, and allocation. | → New policy |
| 27 | Simpler plans: Simplify the planning process between resource management, transport, and local government. | → New policy |



Employment law

- | | | |
|----|--|--------------|
| 28 | 90-day trial: Introduce voluntary 90-day trial periods for new employees to encourage businesses to take on new staff. | ✓ Completed |
| 29 | Personal grievance reform: Reform the personal grievance system to reduce delays, costs, and vexatious claims. | ✓ Completed |
| 30 | Holidays reform: Give employees the choice to trade one of their four weeks' annual leave for cash. | ✓ Completed |
| 31 | Keep <i>The Hobbit</i> : Clarify the status of independent contractors in the film industry and secure the filming of <i>The Hobbit</i> in New Zealand. | ✓ Completed |
| 32 | Starting-out wage: Establish a new wage to lower the barriers to work for our youngest workers, who are being priced out of the job market. | → New policy |
| 33 | Collective bargaining: Improve the collective bargaining process to reduce bureaucracy and costs. | → New policy |
| 34 | Constructive dismissal: Review how allegations of constructive dismissal can be better managed. | → New policy |
| 35 | Flexible Working Arrangements: Grant the right to request FWAs to all employees, and allow employers to agree without having to go through a formal process. | → New policy |



Electricity reforms

36	Less red tape: Lift the previous government's ban on incandescent light bulbs and new thermal power stations.	✓ Completed
37	More competition: Transfer assets between state-owned generators to increase competition.	✓ Completed
38	More competition: Encourage electricity customers to switch suppliers by improving the rules and introducing the <i>What's My Number?</i> campaign.	✓ In progress
39	Hedge market: Require all major electricity generators to put in place an accessible electricity hedge market.	✓ Completed
40	Consumer compensation: Require generators/retailers to compensate consumers in the event of conservation campaigns or dry-year power cuts.	✓ Completed
41	Less bureaucracy: Abolish the Electricity Commission and replace it with a slimmed-down Electricity Authority.	✓ Completed



Accident compensation

42	A solvent ACC: Turn around ACC's financial performance so it runs surpluses and reduces its unfunded liabilities.	✓ In progress
43	Experience ratings: Introduce experience rating and no-claim bonuses for employers and the self-employed.	✓ Completed
44	Employee levies: Reduce levies on 1 April 2012 for wage and salary earners by 17 per cent – or \$170 a year for someone on the average wage.	✓ In progress
45	Employer levies: Reduce levies on 1 April 2012 for employers and the self-employed by 22% – or \$1120 a year for an average small business with seven staff.	✓ In progress
46	More competition: Introduce choice to the ACC Work Account while retaining ACC in the market.	✓ In progress
47	More choice: Explore choice in ACC Motor Vehicles and Earners Accounts.	➔ New policy



Telecommunications

48	Mobile termination: Regulate termination rates to improve competition and reduce prices for mobile phone users.	✓ Completed
49	More competition: Pass the Telecommunications Services Obligations, Broadband, and other matters Act to provide for UFB, RBI and the structural separation of Telecom to encourage more competition.	✓ Completed



Productivity Commission

50

Establish a Productivity Commission and determine its first topics of investigation – housing affordability and international freight services.

Completed



Industrial safety

51

Mining and petroleum: Establish a High Hazards Unit specifically for the petroleum and mining industries, and allocate \$1.5 million a year to fund it.

In progress

52

Fishing boats: Conduct a Ministerial inquiry into the operation of foreign charter fishing vessels catching within the New Zealand-owned quota.

In progress



Building and construction

53

MultiProof consents: Fast-track building consents for standard, multiple-use building designs.

Completed

54

DIY: Make building law changes to allow more do-it-yourself building, and to make a broader range of minor and low-risk building work consent-free

Completed

55

Leaky Homes: Develop a \$1 billion financial package to help owners of leaky homes get their homes fixed.

In progress

56

Better accountability: Pass legislation to improve consumer protections, reduce compliance costs, and improve accountabilities in the building sector.

In progress



Capital markets

57

Financial Markets Authority: Establish a new 'super regulator' to enforce securities, financial reporting, and company laws for financial services and securities markets.

Completed

58

Financial service providers: Require providers and financial advisors to be registered, meet training requirements, and belong to a dispute resolution scheme.

Completed

59

Investment fund and KiwiSaver governance: Introduce a licensing and monitoring regime for corporate trustees and improve the governance of KiwiSaver schemes.

Completed

60

Securities law: Overhaul securities law to improve financial market conduct and investor confidence in New Zealand's financial markets.

In progress



Transport

- | | | |
|----|---|---------------|
| 61 | Road user charges: Modernise and simplify the road user charges system, to reduce compliance costs for transport operators. | ✓ In progress |
| 62 | Fuel tax: Cancel Labour's Auckland regional tax (9.5 cents a litre for petrol), and defer planned fuel tax rise of 1.5 cents a litre while economic conditions are tight. | ✓ Completed |
| 63 | Heavy vehicles: Allow heavy vehicles to operate on specified routes to benefit the economy and the travelling public. | ✓ Completed |
| 64 | SmartGate: Introduce SmartGate at Auckland, Wellington, and Christchurch airports to allow trans-Tasman passengers to clear customs much faster. | ✓ Completed |
| 65 | Aviation levies: Reduce international Aviation Security passenger levies from \$15 to \$8, and domestic levies by nearly \$1. | ✓ Completed |
| 66 | Transport licensing: Review and simplify land transport legislation, including the LTMA, PTMA, and transport licencing regulations. | ✓ In progress |



Emissions Trading Scheme

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| 67 | Reduce costs: Halve the costs for businesses and households of Labour's ETS to reduce emissions without undue harm to our economy. | ✓ Completed |
| 68 | Gradual implementation: Slow the phasing-in of the electricity, industrial, and transport sectors, in a fiscally neutral way. | → New policy |
| 69 | Agriculture: Review the 1 January 2015 legislated entry date for bringing agricultural emissions into the scheme. | → New policy |
| 70 | Offsetting: Introduce offsetting for pre-1990 forest land owners and review the second tranche of compensation. | → New policy |



Commerce

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|----|--|---------------|
| 71 | Consumer law: Bring consumer law up-to-date with modern trading practices such as Internet transactions and telephone and credit card sales. | ✓ In progress |
| 72 | Food safety: Pass legislation to substantially reform the regulatory regime for the safety and suitability of food. | ✓ In progress |
| 73 | Anti-competitive behaviour: Introduce criminal sanctions to deter hard-core cartel behaviour, such as price-fixing and bid-rigging. | → New policy |
| 74 | NZ companies: Require all New Zealand companies to have either one resident director or a local agent. | ✓ In progress |

75

Loan sharks: Bring in tougher consumer credit laws to target loan sharks and protect unwary consumers.

→ New policy



Red tape

76

Unnecessary legislation: Remove 176 unnecessary regulations from the law books and repeal 31 obsolete or redundant Acts.

✓ In progress

77

Compliance costs: Amend 13 Acts to reduce compliance costs and the regulatory burden on business.

✓ In progress

Building industries, innovation, and trade



Primary sector

78

Primary Growth Partnership: Set up a government/industry partnership to jointly invest almost \$500m in research and innovation in the primary and food sectors.

✓ Completed

79

Food Innovation Network: Set up a food innovation network, including regional hubs in Manukau, Waikato, Palmerston North, and Canterbury.

✓ Completed

80

Centre for Agricultural Greenhouse Gas Research: Establish a centre to promote technologies that reduce emissions, and improve farm efficiency and productivity.

✓ Completed

81

Global Research Alliance: Establish a global alliance on agricultural emissions, to focus efforts on lifting food production, while limiting greenhouse gases.

✓ Completed

82

Aquaculture: Reform legislation for aquaculture to promote investment, reduce costs and uncertainty, and help it become a \$1 billion contributor to the economy.

✓ Completed

83

Water storage and distribution: Invest, on a commercial basis, up to \$400 million from the Future Investment Fund into irrigation and water storage development.

→ New policy



Energy

84

Promotion: Build up knowledge about New Zealand's petroleum basins through significant investment in a seismic data acquisition programme, and increase promotion of New Zealand as a destination for oil and gas exploration.

✓ In progress

85

EEZ protection: Pass new legislation and regulations to better manage the environmental effects of activities and protect our Exclusive Economic Zone.

✓ In progress

86

Permits: Introduce a competitive new system for processing permits for oil and gas exploration.

→ New policy



High-tech sectors

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|----|--|---------------|
| 87 | Technology development grants: Establish grants to encourage knowledge-intensive firms to undertake stretching R&D projects. | ✓ In progress |
| 88 | Technology transfer vouchers: New vouchers to give businesses that lack research and development capability access to public research facilities and scientists. | ✓ In progress |
| 89 | National health innovation hub: Provide more support for innovative companies to develop products in conjunction with District Health Boards. | ✓ In progress |
| 90 | Advanced technology institute: Transform IRL into an advanced technology institute to work with the high-tech manufacturing and services sector. | ➔ New policy |



Science and innovation

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|----|---|---------------|
| 91 | Prevent waste: Remove Labour's expensive and ineffective R&D Tax Credit. | ✓ Completed |
| 92 | More funding: Boost funding for science through CRIs, the PBRF, the Marsden Fund, the Health Research Council, and \$234 million more for business innovation. | ✓ In progress |
| 93 | Super computers: Invest in a network of high-performance super computers to keep researchers at the cutting edge of science, and make a \$16 million capital injection in the Kiwi Advanced Research and Education Network. | ✓ Completed |
| 94 | CRIs: Reform Crown Research Institutes to ensure they connect better with business. | ✓ In progress |
| 95 | Science leadership: Establish the position of the Prime Minister's Chief Science Advisor, and the Prime Minister's Science Prizes. | ✓ Completed |
| 96 | National science challenges: Invest \$60 million in a series of national challenges, to find innovative solutions to some of the most fundamental issues NZ faces. | ➔ New policy |



Trade

- | | | |
|----|--|---------------|
| 97 | Complete FTAs: Sign free-trade agreements with Malaysia, Hong Kong, Taiwan, and ASEAN. | ✓ Completed |
| 98 | New FTAs: Negotiate new free-trade agreements with India, the Gulf States, the Trans-Pacific Partnership (including the US, Peru, Singapore and Vietnam), Korea, Russia, Belarus and Kazakhstan. | ✓ In progress |
| 99 | Export development: Focus NZTE on key companies and sectors that have real export and growth potential. | ✓ Completed |

100

Export guarantees: Provide \$200 million more in trade guarantees to increase opportunities for exporters, and develop a trade single window for importers and exporters.

✓ In progress

101

NZ Inc: Develop individual New Zealand Inc country strategies to grow our exports with key markets.

✓ In progress



Tourism

102

More funding: Provide extra tourism marketing funding for marketing New Zealand as a destination for high-value visitors.

✓ Completed

103

International Convention Centre: Negotiate with SkyCity to build an international convention centre in Auckland to boost tourism, create jobs, and put New Zealand on the map as a business events destination.

✓ In progress

104

Air service agreements: Negotiate agreements with key Asian and South American markets to boost tourism and trade.

✓ In progress

105

New Zealand Cycle Trail: Develop a series of 18 Great Rides around the country to attract tourists and support regional economies.

✓ In progress



International education

106

Education New Zealand: Establish a new Crown Agency for international education and invest an additional \$10 million a year for promotion.

✓ In progress



Other economic development

107

Government procurement: Reform government purchasing of supplies such as vehicles and IT hardware – the first four joint-procurement projects alone are expected to save around \$115 million over the next five years.

✓ In progress

108

Venture capital: Provide an additional \$40 million to underwrite the New Zealand Venture Investment Fund.

✓ Completed

109

Major events: Boost funding to increase the number and quality of major events in New Zealand.

✓ Completed

110

Funds domiciling: Change tax rules to make it easier for overseas firms to domicile their funds here.

✓ Completed

111

SOEs: Improve accountability and reporting by State-Owned Enterprises to the government and to the public to drive better performance.

✓ In progress

Building a skilled workforce



Industry and vocational training

112

Value for money: Get better results from taxpayer investment in industry training by introducing new operational rules to weed out non-existent 'phantom' trainees.

In progress

113

Industry training review: Ensure the industry training system structure is designed to encourage good outcomes for employers and trainees.

In progress

114

ITO mergers: Simplify the vocational training system and gain efficiencies by encouraging ITOs to merge.

In progress

115

Vocational pathways: Simplify vocational training pathways by reducing competing qualifications at Levels 1 to 6, and setting up trades vocation pathways in schools.

In progress



Youth training

116

Youth Guarantee: Provide more skills training options for 16- and 17-year-olds, with the fees-free Youth Guarantee programme, and trades and service academies.

In progress

117

Job Ops: Support young people on benefits into training and jobs with employer subsidies through the Skills for Growth and Job Ops with training programmes.

In progress



Adult literacy and numeracy

118

Adult courses: Quadruple the number of adult students gaining literacy and numeracy learning in their foundation courses.

Completed

119

Workplace training: Improve workplace literacy and numeracy by embedding literacy and numeracy in all funded Level 1 and 2 foundation learning.

New policy



Rebuilding Canterbury

120

Training for the rebuild: Provide up to 4500 places for construction-related training in Canterbury and around the country.

In progress