# 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



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# Future Investment Fund

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.



# Roads

- More investment: Invest \$12 billion over the next 10 years in new state highways and \$1.8 billion in new local roads.
- Roads of National Significance: Fast-track work on seven RONS, to reduce congestion, improve safety and support economic growth.
- Regional projects: Speed up construction on important regional projects, such as the Rimutaka Hill Upgrade and Kopu Bridge replacement.
  - Regional networks: Develop key regional roading projects that enhance economic growth and improve the resilience of key inter-regional freight routes.
- New RONS: Evaluate four new RONS for development, following the final completion of Victoria Park, Tauranga Eastern Link, and Waterview.





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# Rail

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







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# Broadband and communications

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

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

Warm Up New Zealand: Heat Smart: Upgrade 188,500 homes with insulation

Upgrade state houses: Ensure that, by the end of 2013, every state house built







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# Schools and hospitals

before 1978 that can be insulated, is insulated.

and/or clean heating devices.

Housing



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

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





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# **Rebuilding Canterbury**



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







National

# www.national.org.nz

# Cutting red tape and building better regulation

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#### 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.	$\rightarrow$ New policy
25	Natural hazards: Better address the risks posed by natural hazards in the RMA.	$\rightarrow$ New policy
26	Fresh water: Progress the Land & Water Forum's recommendations to improve freshwater management, quality, and allocation.	$\rightarrow$ 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 The Hobbit: 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.	$\rightarrow$ New policy
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33	Collective bargaining: Improve the collective bargaining process to reduce bureaucracy and costs.	$\rightarrow$ New policy
33		<ul><li>→ New policy</li><li>→ New policy</li></ul>

**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
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National

# **Telecommunications**



More competition: Pass the Telecomunications Services Obligations, Broadband, and other matters Act to provide for UFB, RBI and the structural separation of Telecom to encourage more competition.

✓ Completed

✓ Completed



# Productivity Commission

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





# Industrial safety

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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.

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





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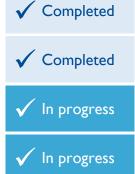
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#### Building and construction

- MultiProof consents: Fast-track building consents for standard, multiple-use building designs.
- 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
- Leaky Homes: Develop a \$1 billion financial package to help owners of leaky homes get their homes fixed.
- Better accountability: Pass legislation to improve consumer protections, reduce compliance costs, and improve accountabilities in the building sector.





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#### Capital markets

- Financial Markets Authority: Establish a new 'super regulator' to enforce securities, financial reporting, and company laws for financial services and securities markets.
- 58 Financial service providers: Require providers and financial advisors to be registered, meet training requirements, and belong to a dispute resolution scheme.
- 59 Investment fund and KiwiSaver governance: Introduce a licensing and monitoring regime for corporate trustees and improve the governance of KiwiSaver schemes.
- 60 Securities law: Overhaul securities law to improve financial market conduct and investor confidence in New Zealand's financial markets.





#### 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**

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





#### Commerce

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





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



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#### Red tape

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

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

🗸 In progress

 $\rightarrow$  New policy

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.	$\rightarrow$ New policy



### Energy

Promotion: Build up knowledge about New Zealand's petroleum basins through 84 significant investment in a seismic data acquisition programme, and increase promotion of New Zealand as a destination for oil and gas exploration.

EEZ protection: Pass new legislation and regulations to better manage the 85 environmental effects of activities and protect our Exclusive Economic Zone.

Permits: Introduce a competitive new system for processing permits for oil and gas 86 exploration.





National

	High-tech sectors	
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.	$\rightarrow$ New policy
장	Science and innovation	
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.	$\rightarrow$ New policy
	Trado	

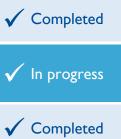


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#### Trade

97	Complete FTAs: Sign free-trade agreements with Malaysia, Hong Kong, Taiwan, and ASEAN.	$\checkmark$
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.	$\checkmark$
99	Export development: Focus NZTE on key companies and sectors that have real	

Export development: Focus NZTE on key company export and growth potential.









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#### Tourism

and exporters.

- More funding: Provide extra tourism marketing funding for marketing New Zealand 102 as a destination for high-value visitors.
- International Convention Centre: Negotiate with SkyCity to build an international 103 convention centre in Auckland to boost tourism, create jobs, and put New Zealand on the map as a business events destination.
- Air service agreements: Negotiate agreements with key Asian and South American 104 markets to boost tourism and trade.
- New Zealand Cycle Trail: Develop a series of 18 Great Rides around the country 105 to attract tourists and support regional economies.



#### International education

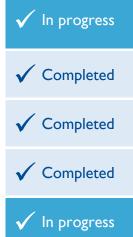
Education New Zealand: Establish a new Crown Agency for international education and invest an additional \$10 million a year for promotion.



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#### 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.	v
108	Venture capital: Provide an additional \$40 million to underwrite the New Zealand Venture Investment Fund.	v
109	Major events: Boost funding to increase the number and quality of major events in New Zealand.	v
110	Funds domiciling: Change tax rules to make it easier for overseas firms to domicile their funds here.	v
ш	SOEs: Improve accountability and reporting by State-Owned Enterprises to the government and to the public to drive better performance.	v



✓ In progress



# Building a skilled workforce



#### Industry and vocational traning

- Value for money: Get better results from taxpayer investment in industry training by introducing new operational rules to weed out non-existent 'phantom' trainees.
- II3 Industry training review: Ensure the industry training system structure is designed to encourage good outcomes for employers and trainees.
- IIA ITO mergers: Simplify the vocational training system and gain efficiencies by encouraging ITOs to merge.
- Vocational pathways: Simplify vocational training pathways by reducing competing qualifications at Levels I to 6, and setting up trades vocation pathways in schools.





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### Youth training

- 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.
- 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.





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#### Adult literacy and numeracy

- Adult courses: Quadruple the number of adult students gaining literacy and numeracy learning in their foundation courses.
- Workplace training: Improve workplace literacy and numeracy by embedding literacy and numeracy in all funded Level 1 and 2 foundation learning.





#### **Rebuilding Canterbury**

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



