

# 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

- |    |  |              |
|----|--|--------------|
| 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
 <h2 data-bbox="245 398 424 450">Red tape</h2>		
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

 <h2 data-bbox="245 925 539 976">Primary sector</h2>		
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

 <h2 data-bbox="245 1657 379 1709">Energy</h2>		
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

- |    |   |               |
|----|---|---------------|
| 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, 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
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