



# Economic Development Policy

## **National's comprehensive economic development policy to get New Zealanders back on their feet.**

New Zealand is in the middle of the biggest economic shock we have seen in our lifetimes. The response to Covid-19 caused our economy to decline severely in the middle of this year. New Zealand businesses will create the jobs that allows New Zealand to grow our way out of the Covid crisis. We will urgently put a moratorium on costly new regulations and taxes to help Kiwi businesses succeed and rehire people who have lost jobs. Our target is to get the economy back to creating at least 10,000 jobs per month and unemployment tracking back towards 4 per cent by 2025.

An economy that is rebuilding needs confident, thriving businesses that are willing to invest in new technologies, create more jobs and pay higher wages. The Government does not drive the economy. The economy is driven by hard working business owners who have good ideas, work hard, invest their time and money, take risks, and try and build opportunities for themselves and their staff.

New Zealanders need a government that backs our businesses to succeed. National understands the harm excessive regulation has on competitiveness and productivity. We want to encourage an environment where businesses can thrive and don't get caught up in red tape.

Even before the Covid-19 pandemic began, Labour's poor policy decisions, including hundreds of working groups and additional taxes, had increased costs on businesses and created massive uncertainty. As a result, business confidence plummeted to levels not seen since the depths of the Global Financial Crisis, meaning businesses were less likely to invest, hire new staff or lift wages.

New Zealand now faces unprecedented times with record government spending and unparalleled monetary expansion propping up our economy. This is not the time to be adding costs to the businesses we are relying on to

lead New Zealand's recovery. Despite this, Labour continues to release harmful policies including inflexible employment law changes, bringing forward their 100 per cent renewable energy target and building their incredibly expensive pumped hydro scheme, which will lead to higher power prices for all businesses, and all the costs they've put on the primary sector through their bungled water policy. Labour seems completely blind to the impact its anti-growth policies will have on New Zealanders.

National is committing to an 18 month moratorium on changes in regulations and policies that add costs to Kiwi businesses and calling for all other political parties to do the same. Every Party should do what it can to reduce costs and uncertainty, so that our businesses have the confidence to take risks, invest, hire new staff and lift wages.

National will revive the economy by supporting our businesses to bounce back. We will work with businesses, not against them, by giving them the confidence to lead the recovery and create more jobs and higher incomes for Kiwis and their families.

### [With our comprehensive economic recovery plan, National will:](#)

- Get the economy back to creating at least 10,000 jobs per month and unemployment tracking towards 4 per cent by 2025.
- Cut taxes for middle income earners for 16 months.
- Not introduce any new regulations that add costs to business or destroy jobs for 18 months.
- Replace the RMA with a new Environmental Standards Act and a Planning and Development Act.
- Not increase taxes or introduce any new taxes.
- Not go ahead with minimum wage increases for twelve months.



- Put a halt to 70's style so called fair-pay agreements that the Government plans to implement.
- Implement a suite of investment-friendly tax initiatives including instant depreciation of up to \$150,000 per asset and doubling the depreciation rate for businesses to invest in new plant equipment and machinery over a year.
- Support businesses with JobStart, which will give \$10,000 to businesses when they hire new staff and provide modern, flexible working practices.
- Support new business owners through our Business Start package with a one-off \$1000 voucher to buy advice and support, up to \$30,000 from their KiwiSaver and government grants.

## Lower tax cost & compliance

At a time when New Zealand businesses are doing it tough, we should be supporting them by helping to keep their costs down not burdening them with costly government policy changes.

The tax system imposes too much cost and compliance on businesses. We will introduce a range of changes that reduce the cost and compliance of the tax system for all businesses.

### National will:

- Not introduce any new regulations that add costs to business or destroy jobs for 18 months.
- Not increase taxes or introduce any new taxes.
- Lift the threshold to expense new capital investment from \$5000 to \$150,000 per asset.
- Increase the provisional tax threshold from \$5000 to \$25,000.
- Raise the compulsory GST threshold from \$60,000 to \$75,000.
- Allow businesses to expense an asset once its depreciated value falls below \$3000, as opposed to having to continue to

depreciate it until its depreciated tax value equals zero.

- Change the timing of the second provisional tax payments for those businesses with a 31 March year end to 28 February (rather than 15 January).
- Ensure Use of Money rates charged by IRD more properly reflect appropriate credit rates and increase the interest rate paid on amounts owed by IRD to its customers.
- Increase the threshold to obtain a tax invoice from \$50 to \$500, to reduce compliance costs.
- Implement a business continuity test (rather than ownership test) to allow the carry forward of tax losses.
- Review depreciation rates for investments in energy efficiency and safety equipment.
- Consolidate the number of depreciation rates to reduce administrative burden.

## Fairer employment laws

Right now, more than 200,000 New Zealanders are on unemployment benefits. Better employment law and incentives for job creation will help businesses take on new staff to get them off unemployment benefits.

National will simplify industrial relations legislation to reduce red tape and encourage businesses, in particular small businesses, to create new jobs.

National believes in a flexible, productive workplace where workers get a fair deal and businesses are productive. National supports an approach where employees and employers are trusted to work employment matters out themselves in good faith.

### National will:

- Repeal the Government's changes to the Employment Relations Act.
- Simplify the employment dispute resolution process.
- Get rid of the "no win no fee" provisions in the Employment Relations Act.



- Ensure our laws and policies get the right balance between health and safety and productivity.

## Delivering a secure and smart border

National will deliver a smarter border that allows New Zealand to safely reconnect with the rest of the world. Covid-19 is going to be with us for a long time and we can't afford to isolate ourselves forever. The latest projections from Treasury show decades of deficits and sky-rocketing debt.

National has a plan to defeat the deficit, restore the economy and secure New Zealand's borders from Covid-19.

### National will:

- Establish Te Korowai Whakamaru/NZ Border Protection Agency to cut through the confused response from Labour.
- Require people travelling to New Zealand to provide evidence of a negative Covid-19 test before arriving.
- Implement a booking system to manage more arrivals into New Zealand safely.
- Allow accommodation providers to gain approval to act as managed isolation facilities to scale up capacity.
- Investigate streamlined travel arrangements for low-risk countries and territories.

## Backing small businesses

New Zealand is facing its worst economic downturn in 160 years. Right now, more than 200,000 New Zealanders are on unemployment benefits. Another 280,000 have been receiving the wage subsidy with their jobs now at risk.

National will back the private sector, in particular our small businesses, to create jobs and get the economy moving again. We know there isn't one single policy that will help small businesses, so we have announced a comprehensive package with a range of

policies that will all help small businesses get ahead.

### National will:

- Guarantee all Government departments and Government agencies pay their contractors on time and within seven days.
- Establish a 'Small Business Payments Guarantee' – a voluntary initiative committing large New Zealand businesses and not-for-profits to ensure New Zealand small businesses are paid on time and within 30 days.
- Convene a joint initiative with IRD, ACC, Statistics NZ, MBIE and WorkSafe NZ to specifically identify areas of regulatory duplication for small businesses, specifically in terms of requests for information and unnecessary compliance costs.
- Require Government departments to measure the cost of compliance imposed on small businesses.
- Implement a business continuity test (rather than ownership test) to allow the carry forward of tax losses.
- Encourage KiwiSaver providers to invest a small portion of their total funds in appropriate private equity/expansion capital opportunities involving New Zealand companies.
- Simplify Anti-Money Laundering legislation by providing guidance to industry on how to comply in a less costly manner, while continuing to meet our international obligations.

## JobStart and BusinessStart

New Zealand needs thousands of new businesses to kick-start our economy and create tens of thousands of new jobs. National will deliver this with a package of incentives to provide support for businesses hiring, and cash flow to ensure new businesses succeed through the economic crisis.



### With JobStart, National will:

- Provide a \$10,000 cash payment to businesses that employ a person on a fulltime, permanent basis where they can prove that the new hire is an additional Full Time Equivalent (FTE) over and above their existing labour force.
- Get JobStart started immediately on 1 November 2020 and run for five months through to the end of the financial year, 31 March 2021.
- Cap the scheme at 10 new employees, or \$100,000 per business.

### With BusinessStart, National will:

- Provide a one-off \$1000 voucher to buy advice and support from a Chartered Accountant or Registered Financial Adviser to develop a business plan that shows the business is a viable proposal.
- Allow business owners to access up to \$20,000 from their KiwiSaver account, to invest in the new business.
- Provide, for those who have been made redundant, the entire taxed portion of their redundancy as a tax credit with the IRD, which can be used to pay GST or other tax obligations created by the business.
- Provide for those who have lost their job but not received redundancy, a tax credit of \$5000 to meet tax obligations. After 90 days, a second tax credit of \$5000 will be allocated.

## Promoting trade, investment and skilled immigration

New Zealand is a proudly outward looking nation that harnesses the skills and capital available from around the world. As we recover from Covid-19, attracting and utilising this additional capacity will be key to boosting productivity and letting businesses expand and develop.

National has a proud record of successfully negotiating bilateral and multilateral trade deals that open up new markets and give our producers the opportunity to compete and win on the world stage.

National wants to see more people relocating their businesses to New Zealand. Right now, with businesses disrupted around the world due to Covid-19, there is an opportunity to attract more investment to New Zealand. We want to relax the requirements on the investor class visa and allow more people to enter New Zealand through managed isolation. Once businesses are here, they will grow and hire Kiwis, they will contribute to our economy, and they will create eco-systems in highly productive industries such as film and technology.

### National will:

- Speed up the Overseas Investment Office assessment where clear criteria have already been met.
- Allow foreigners to build new homes that add to New Zealand's housing stock.
- Continue to open new markets and reduce barriers to international markets so our Kiwi exporters are more productive and competitive.
- Create a fast-track technology skills visa to allow people with technology skills and experience to relocate to New Zealand.
- Relax requirements for investor class visas to cut red tape and make New Zealand the world's most attractive destination for high net-worth investors and technology entrepreneurs.

## Technology

National will double the size of New Zealand's technology sector by 2030 with a \$1.29 billion plan that will aim to create at least 100,000 new high-paying, future-proofed tech jobs.

Doubling the size of the technology sector by 2030 is an ambitious goal, but one we are serious about achieving. We're sending a strong message to New Zealand's best and brightest minds, both here and overseas, that technology and innovation will be championed by a National Government.

### National will:

- Invest \$1 billion in technology infrastructure upgrades with the aim of achieving 100



Mbps uncapped internet speeds for everyone using Ultra-Fast Broadband and Rural Broadband Initiative by the end of the decade.

- Establish a Minister for Technology.
- Offer 1000 tertiary scholarships per year targeted at students from low decile schools to undertake science, technology, engineering and maths (STEM) degrees.
- Establish a STEM-focused partnership school and restore funding for specialist ICT graduate schools.
- Establish three targeted investment funds for tech start-ups worth \$200 million each, with the cost split evenly between Government and the private sector.

## National Infrastructure Bank

A key part of National's plan to deal with the current economic and jobs crisis is to deliver world-class infrastructure that grows our economy, and gets Kiwis back to work. To do that we have to invest, and every dollar borrowed must be spent wisely on projects that improve our economy and build productivity.

### National will:

- Create a new Crown Financial Institution, named the National Infrastructure Bank to provide finance and advice to central and local Government infrastructure projects.
- Give the Bank a role in ensuring the Crown receives value for money from its infrastructure finance structures.
- Provide an avenue for institutional investors such as the ACC, NZ Super Fund, iwi, KiwiSaver providers and Australian pension funds to take on investment risk in New Zealand infrastructure assets.

## Backing our farmers

Agriculture is responsible for 60 per cent of New Zealand's goods exports and is the backbone of our economy.

New Zealand's reputation as a producer of quality and sustainable agricultural products is

well known around the world. If National forms the next Government, our pledge is to ensure our agricultural policy focuses on allowing farmers the opportunity to farm their way to better outcomes, rather than being regulated into oblivion.

### National will:

- Allow skilled workers and Recognised Seasonal Employer (RSE) workers to enter New Zealand.
- Create a fast-tracked Primary Sector Visa.
- Repeal or review the nine new water regulations Labour introduced in August.
- Promote water storage options.
- Remove the review process around introducing agriculture into the Emissions Trading Scheme in 2022.
- Pass seven changes to the Zero Carbon Bill, including a review of the methane target.

## Tourism

National will work alongside New Zealand's tourism sector to restore the industry towards the levels of success it had prior to Covid-19. The men and women of New Zealand tourism have built an industry that is world-renowned through offering unique experiences and making visitors feel welcome.

National has listened to the sector and developed a plan to work collaboratively by partnering with local Government, iwi and tourism sector representatives as well as tourism businesses to speed up decision making and cut out the bureaucracy.

### National will:

- Use our Infrastructure Bank to work alongside local councils to build new infrastructure needed to cope with tourism numbers across regional New Zealand.
- Provide support to businesses and tourist operators through a \$100 million Tourism Accelerator Fund.



- Allow travel bubbles with neighbouring Covid-free countries when it is safe to do so.
- Implement a consistent and transparent national framework for freedom camping.
- Support the TRENZ conference with \$5 million for the next two years and enhance the collection of accommodation and tourism data.
- Launch the New Zealand Tourism Festival to showcase the regions of New Zealand and encourage domestic tourism.

## Energy & resources

Affordable and secure energy underpins New Zealand's economy. National believes competitive and well-regulated energy markets support households and the transition to a low-emission economy.

National signed New Zealand up to the Paris Agreement. In Government, National increased renewable electricity production from 65 to 85 per cent of supply. We have and will continue to be committed to reducing New Zealand's greenhouse gas emissions.

### National will:

- Ensure greater energy security by allowing responsible oil and gas exploration to create jobs and support industries transitioning to cleaner fuels.
- Investigate new technologies that can support a transition to a net-zero emissions economy such as carbon capture and storage.
- Support a case-by-case assessment for mining proposals on lower-quality conservation land that meet a 'net conservation benefit'.

## Skills & training

Getting the unemployed back into work, upskilling small business owners and finding a pathway for young people to find work form the heart of National's Reskilling and Retraining Policy. This is a fresh approach

on how we can inspire people to further themselves at a time when it is needed most.

Central to this is SkillStart, a rapid retraining and job placement scheme, which will get displaced Kiwis into jobs quickly and provide a strong incentive for polytechnics, universities and private training providers to deliver short training courses that are fully aligned with the skills Kiwi businesses need.

### National will:

- Implement SkillStart: designed to rapidly retrain Kiwis who have lost their jobs to get them back into the workforce. Under the scheme, tertiary training providers will be eligible for a \$4000 payment for every unemployed person they retrain and get back into full-time work within a year.
- Bring in job coaches for under-25s. These will be specialist positions within WINZ offices tasked with working with Kiwis under 25 on the JobSeeker benefit to develop personalised, intensive 'path to work' plans to get them back into the workforce.
- Expand National's successful Skills and Jobs Hub model using purpose-built centres to deliver wraparound services and match unemployed Kiwis with jobs generated from our long-term infrastructure upgrade.
- Ensure our social welfare system is geared towards supporting and encouraging people to move from welfare back into work.
- Reverse the Government's expensive and distracting restructuring of the vocational education sector to ensure our tertiary system is focussed on frontline education and delivering skills.

## Restarting international education

International students contributed \$5.1 billion a year to the New Zealand economy prior to Covid-19. Most of this money does not come from tuition fees, but from spending on accommodation, food, tourism, entertainment



etc. Spending by international students supports around 50,000 Kiwi jobs.

National would allow tertiary education providers to bring international students into New Zealand, under strict quarantine and testing protocols, to support our education sector and economic recovery.

#### National will:

- Allow tertiary education providers to bring international students into New Zealand, under strict quarantine and testing protocols, to support our education sector and economic recovery.
- Ensure international students undergo stringent health tests and quarantine measures and stay at facilities that are certified and audited by the Ministry of Health.
- Make additional health costs borne by the education providers, who would be able to pass these onto students if they chose.

- Accelerate Transpower's investment into transmission lines upgrades to ensure Manapouri power station is not left stranded in the future, allowing the electricity to be available to the wider economy.
- Invest in improving Southland's internet connectivity, to allow new industries to locate closer to the renewable energy that Manapouri provides, to ensure the development of other industries and future jobs.

## Supporting Southland jobs

A National Government will facilitate negotiations between Rio Tinto, power companies and Transpower to achieve a more cost-competitive environment to keep the Tiwai Point Aluminium Smelter open.

New Zealand is losing thousands of jobs every week due to the largest economic crisis in generations. National recognises the need to support existing employment opportunities and protect the 2260 jobs, both at Tiwai and in the wider community, from the hard close of the smelter on August 31st, 2021. Our aim is to create a commercially viable outcome that would keep the smelter in operation for at least the next five years while preparing Southland to lessen the severity of the smelter's hard-closure.

#### National will:

- Facilitate negotiations to keep the Tiwai Point Aluminium Smelter open for longer, and help protect the 2260 jobs at both Tiwai and in the wider community.