

# ADVOCACY UPDATE

MAY 2017

BusinessNZ 

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31 MAY 2017

## WORKING FOR BUSINESS IN NZ

Tax, trade and migration  
featured in our advocacy  
in May

## OUR WORK IN MAY

### ISSUE FOR BUSINESS

### ADVOCACY ACTIVITY

### OUTCOMES

#### ECONOMY

<i>BusinessNZ - Deloitte Election Survey 2017</i>	The 2017 election survey BusinessNZ runs in conjunction with Deloitte has now finished its time in the field for members. Political parties will receive their questionnaires in late May (Steve Summers <a href="mailto:ssummers@businessnz.org.nz">ssummers@businessnz.org.nz</a> )	Member questionnaire completed, with political party questionnaires to be sent out.
<i>BusinessNZ - Corporate Taxpayers Group Large Corporate Tax Survey/Election Publication</i>	BusinessNZ, in conjunction with the Corporate Taxpayers Group (CTG), currently has a tax survey amongst Major Company Group (MCG) and CTG members in the field. The results will be used for a large company tax election manifesto that will be co-published given the strong cross-over of MCG and CTG members (Steve Summers <a href="mailto:ssummers@businessnz.org.nz">ssummers@businessnz.org.nz</a> )	Tax questionnaire for MCG and CTG members currently in the field.
<i>Southern Cross- BusinessNZ Wellness in the Workplace Survey 2017</i>	The bi-annual Wellness Survey used to consider the scale of absenteeism in New Zealand, how much employers are doing to assist employees with health and wellness, and where, if any, there are gaps, has now completed its time in the field. Drafting of the report is now being undertaken, with the report likely to be released in late July (Steve Summers <a href="mailto:ssummers@businessnz.org.nz">ssummers@businessnz.org.nz</a> )	Report writing has begun, with the report expected to be released in late July.
<i>Funding of Fire and Emergency NZ</i>	BusinessNZ has made a submission to the NZ Fire Service Commission maintaining that the fire and emergency service should be largely funded out of general taxation or at the very least on a more risk-based approach (John Pask <a href="mailto:jpask@businessnz.org.nz">jpask@businessnz.org.nz</a> )	Advocating for more risk-based approach to the setting of levies on insurance contracts for material damage to fund new Fire and Emergency NZ (FENZ).
<i>ACC Motor Vehicle Account Review</i>	ACC are currently reviewing the Motor Vehicle Account with industry input at Workshops recently held in Wellington and Auckland. BusinessNZ's main concern with the Motor Vehicle Account is the continued significant cross-subsidisation between various transport modes, in particular the subsidisation of Motorcyclists by Motor Vehicle owners (John Pask <a href="mailto:jpask@businessnz.org.nz">jpask@businessnz.org.nz</a> )	Advocating for greater transparency in levy setting within the Motor Vehicle account.

## RESOURCES & ENVIRONMENT

<i>Improving Urban Planning to provide for greater flexibility in development</i>	The Productivity Commission's Better Urban Planning Final Report has been released and makes a number of useful recommendations to improve NZ's Urban Planning which BusinessNZ has supported through the submission process. (John Pask <a href="mailto:jpask@businessnz.org.nz">jpask@businessnz.org.nz</a> )	Advocating for the report's recommendations to be implemented.
<i>Freshwater allocation regime in NZ needs overhaul</i>	Technical advisory group (TAG) is investigating different water allocation options, including different pricing mechanisms as part of the future water allocation mix. (John Pask <a href="mailto:jpask@businessnz.org.nz">jpask@businessnz.org.nz</a> )	TAG group recommendations will be made to an incoming government later this year.
<i>Urban Planning needs to be fit for purpose</i>	Submitted on MBIE's Discussion Document on proposals to implement Urban Development Authorities (UDAs) which is intended to better enable urban development "at scale" by allowing central government and territorial authorities to access more enabling development powers and modify land-use rules. (John Pask <a href="mailto:jpask@businessnz.org.nz">jpask@businessnz.org.nz</a> )	Advocating for a more direct and urgent approach to planning reform rather than what could be seen as a hybrid form of central planning advocated in the MBIE Discussion Document.
<i>Resource Management Act does not protect property rights; is costly &amp; difficult to comply with</i>	Amendment Bill passed into law with the support of the Maori Party. Bipartisan support seems to be emerging for more fundamental reform of the resource allocation system. (John Carnegie <a href="mailto:jcarnegie@businessnz.org.nz">jcarnegie@businessnz.org.nz</a> )	Continuing to advocate for more protection of property rights, more national direction to Councils, and new consenting & planning processes; advocating against reduction in appeal rights.
<i>Emissions trading scheme needs to be fit-for-purpose</i>	Working with the Ministry for the Environment on defining phase two of the ETS review in light of the public meetings on key issues. Liaising with the cross-party group of MPs ('GLOBE-NZ') in its work on a low carbon future. (John Carnegie <a href="mailto:jcarnegie@businessnz.org.nz">jcarnegie@businessnz.org.nz</a> )	Advocating for business competitiveness to be maintained while transitioning to lower carbon economy, and access to multiple sources of units
<i>NZ needs a business-friendly enabling environment to unlock greater infrastructure investment</i>	Working with the Ministry of Transport and Infrastructure Group to scope up a piece of policy work on practical ways of unlocking business opportunities in the intelligent transport system space. (John Carnegie <a href="mailto:jcarnegie@businessnz.org.nz">jcarnegie@businessnz.org.nz</a> )	The efficient provision of infrastructure (delivered at the right price, at the right time, in the right place)
<i>NZ needs to use all available energy resources for cost-effective, sustainable energy supply</i>	Government energy targets to be released by Government soon. BEC has finalised and published its new report deep-dive report on carbon emissions. (John Carnegie <a href="mailto:jcarnegie@businessnz.org.nz">jcarnegie@businessnz.org.nz</a> )	BEC continues to be influential in shaping the work being undertaken by Government on the energy sector, and on energy sector targets
<i>New Zealand needs a transmission pricing methodology that is cost reflective and service-based</i>	The Electricity Authority has announced that it will rework the cost-benefit analysis it has used to underpin its proposals to revise the Transmission Pricing Methodology consultation paper in light of substantive critiques. (John Carnegie <a href="mailto:jcarnegie@businessnz.org.nz">jcarnegie@businessnz.org.nz</a> )	The new model will be ready for consultation later this year or early 2018
<i>Draft Energy Efficiency and Conservation Strategy</i>	The Government is required to regularly update the energy efficiency and conservation strategy. The new strategy will seek to set the direction for government support and intervention, and to guide the work programme of EECA. (John Carnegie <a href="mailto:jcarnegie@businessnz.org.nz">jcarnegie@businessnz.org.nz</a> )	New EECA strategy to be released in the near future. The new model will be ready for consultation later this year or early 2018

## EMPLOYER ISSUES

*Pay equity means equal pay for work of equal value (rather than the same pay for the same work). Resolving pay equity claims requires a process for determining equal value*

Consultation over an exposure draft of the legislation enacting the recommendations of the government's Pay Equity Working Group is now complete and officials re analysing the feedback received. The proposed law will require pay equity claims to be bargained for in the same way that ordinary pay claims are, using the bargaining provisions in the Employment Relations Act to achieve agreements on equal value (Paul Mackay [pmackay@businessnz.org.nz](mailto:pmackay@businessnz.org.nz))

It is anticipated the Bill will be introduced prior to the election in September. Several briefing sessions to inform interested parties of the intention of the proposed process and options have been organised in different regions.

*Issues have emerged with calculating and paying holiday pay under the Holidays Act 2003. Many employees have been underpaid, potentially over a period of years*

Government has been overseeing several streams of work to address concerns: payroll systems design, best practice in payroll operations, operator standards, and effective audit and compliance. BusinessNZ is part of the steering group overseeing this work, as well as advising at a technical level. At this stage the government has resisted calls for a review of the Holidays Act itself. (Paul Mackay [pmackay@businessnz.org.nz](mailto:pmackay@businessnz.org.nz))

Meetings of the technical streams are to continue into 2017 as, while analysis is largely complete, firm conclusions are yet to be reached. Technically, the main focus remains on how to define leave entitlements (eg weeks/days/hours) and the definition of gross earnings ie what is included in the calculation of holiday pay. While government has indicated it is reluctant to change the Holidays Act itself, the conclusions reached on technical matters may strengthen calls for a simplified approach to the law.

*Domestic Violence (Victims Protection Bill)*

This Green Party members Bill (Jan Logie) aims to provide a separate leave entitlement for, and ability to request changes to working arrangements by, employees who are affected by domestic violence. (Paul Mackay [pmackay@businessnz.org.nz](mailto:pmackay@businessnz.org.nz))

The Bill passed first reading and has been sent to the select committee for submissions. You can read BusinessNZ's submission [here](#).

*Employment Relations (Allowing Higher Earners to Contract Out of Personal Grievance Provisions) Amendment Bill*

This National Party private members Bill (Scott Simpson) aims to permit employees earning more than \$150,000 per annum to agree to relinquish the protection of the personal grievance provisions (Part 9) of the Employment Relations Act 2000. (Paul Mackay [pmackay@businessnz.org.nz](mailto:pmackay@businessnz.org.nz))

The Bill is silent on what an employee may seek in return for relinquishing protection. Any employee who takes up this option will need to seek redress for any future wrongs under common law in the High Court. The provisions will enable businesses to be more agile in making changes to senior or other strategically important staff; it is reasonable to assume that such employees will seek suitable recognition for agreeing to increased exposure. Current Statistics NZ data suggests the provisions will apply in respect of less than 3% of employees if enacted. You can read BusinessNZ's submission [here](#).

## MANUFACTURING, EXPORTING & TRADE

*We need more public support and understanding of the benefits of global trade, especially in a post Trump and Brexit world*

ExportNZ has commissioned NZIER to do some analysis on the benefits of global trade. With anti-TPP rhetoric, growing nationalism and the increase in non-tariff trade barriers around the world, we need to remind the public what life would be like if we went back to restricting trade. (Catherine Beard [cbeard@businessnz.org.nz](mailto:cbeard@businessnz.org.nz))

This report will be released soon, just working on video clip to help publicise.

*Companies are increasingly facing non-tariff barriers and market access issues into various global markets - even where we do have trade agreements.*

ExportNZ is working more closely with MFAT on non-tariff measures and we recently did a roadshow with MFAT, MPI and NZTE Officials with meetings for food and beverage exporters in Auckland, Christchurch and Dunedin. The meetings were well attended by exporters in each region. These meetings were so popular that we have been asked to run meetings in 3 other regions as well which we will discuss with Officials. (Catherine Beard [cbeard@businessnz.org.nz](mailto:cbeard@businessnz.org.nz))

MFAT has created a form for exporters to fill in to get their market access barriers addressed. The problems will be logged and tracked and there are KPI's around a quick response from Officials. This is supplemented by a new regulatory advice service for exporters in the MPI market access space, which came about as a result of ExportNZ advocacy. MPI will also be giving thought to clearer guidance for processed food exporters on where they fit with OMARs and what is high risk versus low risk in the processed food category.

## **FTA Upgrades**

*Some of our Free Trade Agreements have been in place for some time and are now being upgraded.*

ExportNZ is reaching out to exporters through our regions to encourage exporters to give their feedback on the China FTA upgrade and the AANZFTA (ASEAN Australia New Zealand FTA) upgrade. (Catherine Beard [cbeard@businessnz.org.nz](mailto:cbeard@businessnz.org.nz))

Feedback can go direct to MFAT or via Catherine Beard

## **Innovation and R & D**

*Callaghan Innovation is keen to know what business and others in the innovation ecosystem think of their services and how they can be most helpful/effective in their mission of boosting R & D in New Zealand.*

BusinessNZ has been organising a series of round-table discussions with industry and other stakeholders in the innovation ecosystem in partnership with Callaghan Innovation. The latest in the series was a meeting in Napier. The next meeting will be in Dunedin. (Catherine Beard [cbeard@businessnz.org.nz](mailto:cbeard@businessnz.org.nz))

Feedback from the round-tables has been valuable to Callaghan Innovation to establish what stakeholders want help with. With a new CEO, Victoria Crone, this will all be good stakeholder feedback that will help shape strategy going forward. Anyone with an interest in this area should contact Catherine Beard

## **Australia New Zealand Joint Standards**

*There are many Australia New Zealand joint Standards. Standards NZ has recently become aware that Australia Standards is introducing a participation fee for New Zealand representation on joint Standards committees. It has come to our attention that this cost could be prohibitive to New Zealand participation - or at least be off-putting.*

BusinessNZ is working with Standards NZ and MBIE to determine how many joint standards committees are active, how much the participation fee will be and whether this will be a barrier to doing joint standards and whether there are international standards that could take their place. (Catherine Beard [cbeard@businessnz.org.nz](mailto:cbeard@businessnz.org.nz))

We will be consulting with affected sectors soon to understand if this will be a barrier and if so what the funding options will be. Contact Catherine Beard for further information

## SKILLS & MIGRATION

*Education (Tertiary Education and Other Matters) Amendment Bill*

This is a Government Bill that increases funding flexibility in tertiary education system to enable tertiary education organisation to respond quickly to changes in demand, inserts a principle of consistent funding treatment into the Act. (Carrie Murdoch [cmurdoch@businessnz.org.nz](mailto:cmurdoch@businessnz.org.nz))

Bill has been introduced for 1st reading.

*Improving immigration outcomes for New Zealand*

Skills-led immigration policies enable businesses to improve their competitiveness and productivity. A key priority is to improve the demand driven approach to temporary and permanent skilled migration so that it delivers benefits to business and New Zealand. (Carrie Murdoch [cmurdoch@businessnz.org.nz](mailto:cmurdoch@businessnz.org.nz))

Work with MBIE and INZ to scope approach and process around review, ensuring industry input to policy and operational policy design and implementation.

*Improve how the Immigration Accredited Employer Scheme operates for employers, making it more accessible for SMEs.*

Employers seek a more risk based approach to the Accredited Employers Scheme. This includes streamlining the application process, the period of accreditation better reflecting risk, making it possible to submit applications and supporting documents online, and being able to recall previous employer information as part of Re-Accreditation Processes. (Carrie Murdoch [cmurdoch@businessnz.org.nz](mailto:cmurdoch@businessnz.org.nz))

Work continues - slowly - to improve the Accredited Employer Scheme.

*Tertiary education needs to better support the economy and industry*

Working with Ministry of Business, Innovation, and Employment, the Tertiary Education Commission, the Ministry of Education, and the Treasury on investment approach/decision making framework in tertiary education. Submitted to NZPC on New Models of Tertiary Education. Meet with OECD on improved skills matching and reducing skills mismatches. (Carrie Murdoch [cmurdoch@businessnz.org.nz](mailto:cmurdoch@businessnz.org.nz))

Productivity Commission's final report on New Models of Tertiary Education is out. There are no specific recommendation for business or industry.

*Recruiting & retaining diverse employees can support business success*

1 in 4 New Zealanders report having a disability. Convened governance group of businesses, govt agencies & disability service providers to take demand-led approach to attracting & retaining talent with disabilities at work. . (Carrie Murdoch [cmurdoch@businessnz.org.nz](mailto:cmurdoch@businessnz.org.nz))

Final report received. Priorities for next steps include scoping up deliverables addressing key priorities for action.

*Employers value more than qualifications.*

Reset the employability skills agenda with focus on skills and behaviours that are valued by employers. Vocational pathways were intended to inspire real-world learning beyond the classroom to unlock a person's potential. (Carrie Murdoch [cmurdoch@businessnz.org.nz](mailto:cmurdoch@businessnz.org.nz))

This work will continue through 2017 and will focus on the implementation of the vocational pathways and raising awareness of the Employability Skills Framework.

*NZ needs ongoing investment in lifting the literacy and numeracy skills of the workforce to support business competitiveness and expand the pool of potential talent*

NZ has large numbers of adults without skills needed to understand health and safety information, engage with customers, follow procedures, or respond to technology or operational change. Investment needs to be proportionate to need in workforce. (Carrie Murdoch [cmurdoch@businessnz.org.nz](mailto:cmurdoch@businessnz.org.nz))

Investment in workplace literacy programmes continues. Advocating for further research and analysis to gain workforce insights and support evidenced based policy development, to identify priorities and a revised action plan

*Increasing participation and retention of talent in engineering through Engineering Education to Employment Group*

The Engineering to Employment Group is investigating a range of demand and supply issues and practical solutions around attracting, retaining and developing talent in engineering. (Carrie Murdoch [cmurdoch@businessnz.org.nz](mailto:cmurdoch@businessnz.org.nz))

This work continues throughout 2017. Key projects include piloting Advanced Apprenticeships, providing practical guidance to firms on options to attract and retain talent in a competitive market, raising awareness of the career opportunities around engineering, and improving the quality and relevant of engineering programmes and how they are delivered.

## LEGAL

*Consumers Right to Know (Country of Origin of Food) Bill*

Buy New Zealand Made, BusinessNZ and Export NZ made a joint submission to this Green Party Bill, pointing out its inherent difficulties. While voluntary country of origin labelling of food products is supported and is something many producers, retailers and suppliers are already doing, and while the bill purports to relate to single component fresh food, in reality it also encompasses food that has been processed in some way. This adds a complication if an element of the production process - sugar, for example - has to be sourced from a country other than that from which it is usually imported. The commission of an inadvertent offence would be likely if the the labelling requirement could not be observed in the time available. The Bill would also add to product cost, having the greatest effect on those least able to pay. (Barbara Burton [bburton@businessnz.org.nz](mailto:bburton@businessnz.org.nz))

The Bill is before the Primary Production Select Committee. The report back date is 12 October.

*Brill v Labour Inspector*

The company had failed to pay the minimum wage and holiday pay and the case considered what must be proved to establish an officer, director, or agent of a company had directed or authorised the underpayment. The company's sole director argued the underpayment was not deliberate as he had relied on its accountants to pay the employee correctly. In finding for the director, the Court of Appeal agreed with the minority Employment Court decision that an arguable case must be established that the director had knowledge of the default. It would be a strained use of language if a default could be authorised or directed without someone knowing they were doing so. Had Parliament meant to impose strict liability it would have been unlikely to define the potential class of defendants in such broad terms as officer, director or agent. (Barbara Burton [bburton@businessnz.org.nz](mailto:bburton@businessnz.org.nz))

For information.

*Affco NZ Ltd v Employment Court and NZ Meat Workers and Related Trades Union*

A further judgment in the continuing Affco saga this time making clear that an application for judicial review cannot be used to circumvent the appeal process. Finding it had no jurisdiction to hear the review application, the Court of Appeal said that in its view employment disputes involve dynamic relationships and so should be resolved speedily and informally without undue legalism and excessive judicial intervention. Limiting access to the Court was Parliament's deliberate and rational policy choice. (Barbara Burton [bburton@businessnz.org.nz](mailto:bburton@businessnz.org.nz))

For information.

*ASG v Harlene Hayne, Vice Chancellor of the University of Otago*

This Supreme Court judgment looks at the question of publication where a court has suppressed an employee's name and details of the offence. The suppression order related to a security guard whose name and offence details were subsequently made known to university officials by the university's Deputy Proctor who happened to be in court for the sentencing. The employee was disciplined and an argument that his treatment was contrary to the suppression order ultimately failed on the basis that as the employer, the university had good reason to be interested in the case. Publication meant distribution to the public at large, not dissemination to persons with a genuine interest in conveying or receiving the information

For information. The Supreme Court acknowledged the present approach might involve some uncertainty and suggested legislative clarification might be necessary. Whether there is a need to know will depend on the particular facts. Here the offence (wilful damage and assaulting a female) had relevance to the employee's job which involved keeping individuals secure.

## BUYNZ MADE

Consumers right to know (Country of Origin Food) Bill

The Bill will require that the country of origin of fruit, vegetables, meats, seafood, and other 'single component food' (e.g. grains, nuts, bulk flour and oil) be clearly identified on labels or at the point of sale of the food.

We support voluntary country of origin labelling for all food products and would emphasise that this is something many producers, retailers and suppliers are doing already in response to consumer demand. However, we have concerns about the difficulties that will arise where any other element apart from the fresh produce itself is introduced into the production process, as the Bill allows.

The bill does also not allow for products that are processed, canned or packaged offshore but instead concentrates on the where the food item was grown. Labelling food products that are processed off-shore as NZ Made would be in direct contravention of the current Country of Origin Labelling act.

Submitted in conjunction with BusinessNZ and ExportNZ

Clearer information around Country of Origin Labelling requirements

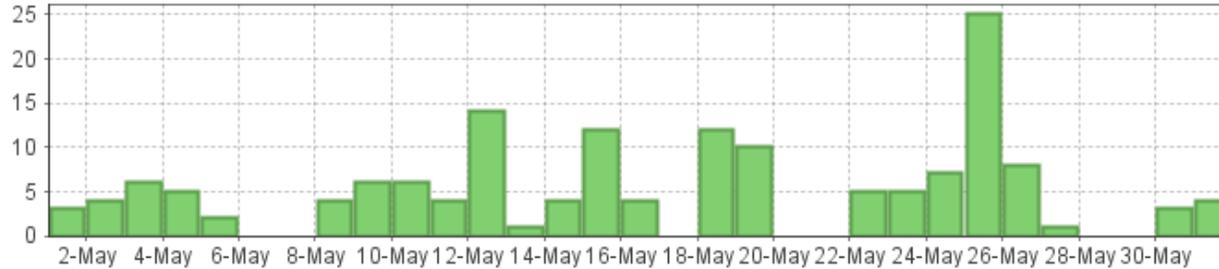
In recent months, we have noticed an upward trend of companies labelling products as NZ made that do not meet the requirements of the Fair Trading Act.

We believe this is simply because there is a lack of information and understanding around the requirements so we see many small start-ups assume that when creating a product in its final form in New Zealand, that this product can be labelled as NZ Made. When a product contains multiple imported ingredients and components, it is quite likely that the finished product would not qualify as NZ Made.

Investigating the best option to provide information through the campaign on the requirements for Country of Origin labelling.

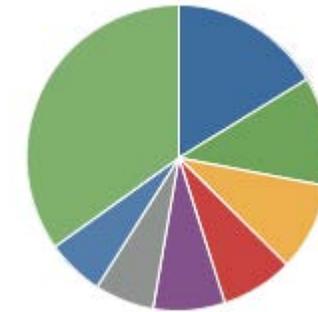
## MEDIA ADVOCACY

May 2017 – 155 media mentions



- More practical and applied skills needed for technical jobs
- How the government could up its electric car quota
- Capacity limits region's growth
- NZ Budget Analysis – Bryce Edwards
- How good is Budget 2017 for business?
- Widespread disappointment at company tax failure
- No sugar rush in Budget scramble
- Kirk Hope: Budget missed tax opportunity
- Budget a missed opportunity to help SMEs, technology
- A solid Budget that could have done more for the economy
- BusinessNZ calls for tax cuts
- Practical solutions are top of mind for SMEs
- Trade (Anti-dumping and Countervailing Duties) Amendment Bill
- Survey shows businesses want tax change
- BusinessNZ says income under \$64,000 could be taxed at 17.5pc
- Business leaders' pre-Budget brickbats and bouquets
- Growing evidence that house inflation is now the main reason for inequality
- Bill aims to make work a safe place for victims of domestic violence
- 'Vast majority' still missing holiday pay
- Service sector expands at lower rates
- Short weeks, holidays hit manufacturers
- NZ stocks fall on profit taking
- Three different visions for a tricky election
- TPP good for communities and jobs – Kirk Hope
- Political party policies on the Reserve Bank emerging
- Kirk Hope: What will the pay equity settlement mean for small business?

### Sources



- New Zealand Herald: 21
- Stuff.co.nz: 12
- Taranaki Daily News: 10
- Radio New Zealand : 8
- Radio New Zealand Audio: 5
- Kathryn Asare: 4
- BusinessNZ: 3
- Otago Daily Times: 3
- NZ Adviser: 3
- Noted: 2
- National Business Review: 15
- Manawatu Standard: 10
- Dominion Post: 8
- MSN: 6
- Voxy: 5
- Newsroom Pro: 3
- Renee Graham: 3
- NZ City: 3
- ANZ: 3
- Sustainable Business Council: 2

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