

BUSINESS EXPECTATIONS OF GOVERNMENT

A CANTERBURY BUSINESS VIEW
FOR THE 2023 ELECTION



CANTERBURY
EMPLOYERS'
CHAMBER OF
COMMERCE

Business want to be part of shaping the future of Aotearoa

The Canterbury Employers' Chamber of Commerce is the home and voice of business in Waitaha Canterbury. Representing over 2,600 businesses who employ approximately 75,000 employees, we are the largest business support agency in Te Wai Pounamu South Island. We are also part of the BusinessNZ Network alongside, BusinessNZ, EMA, Business Central and BusinessSouth.

We advocate for a future and an environment for business that supports innovation, productivity, and growth that in turn supports strong communities.

Like the rest of the country, and the world, Canterbury too is facing on-going disruption, change and uncertainty in almost every facet of business including digital and automation disruption, climate transition, geopolitical tensions and the increased costs of doing business.

Given this on-going disruption and uncertainty – now more than ever our business community needs fit for purpose policy settings that contribute towards increased innovation, growth and productivity. If we get this right our business communities thrive, our economy grows, and we have healthy communities that support a strong quality of life for the people of New Zealand.

Canterbury businesses are ambitious, resilient and an engine of growth for the Aotearoa New Zealand economy. A strong backbone of manufacturing, export, and primary industry alongside emerging industries like aerospace and future transport, food fibre and agritech, high-tech services, health tech, and a thriving SME (small and medium enterprise) community make Ōtautahi Christchurch an exciting place to be with huge opportunities for further growth and expansion.

While there is significant opportunity for local businesses, there is concern about some of the barriers and trends that are affecting their ability to achieve ongoing productivity and growth. Businesses are facing challenging economic realities, operating in a highly inflationary environment, facing increased compliance costs, on-going uncertainty with respect to supply chain logistics and infrastructure deficits in some areas and working with a persistently constrained labour market.

As a community, we need policies and an enabling

environment that incentivises and supports businesses. This report sets out recommendations and proposals from the Canterbury Employers' Chamber of Commerce that represent the expectations from the Canterbury business community on the role that the Government can play. Our report has been informed by in-depth discussions with Canterbury business leaders from a wide range of sectors across the region. It should also be read in conjunction with the BusinessNZ document "Election Priorities – For A Better Future".

Canterbury businesses are bold, courageous and have high aspirations for their future and the city, region and country they choose to run their businesses from. They want to be part of shaping the future they want so that both their businesses and their people can thrive.

Canterbury – a resilient partner to government

The Canterbury region has changed significantly in the last decade with a strong and diverse economy made up of both traditional and new and emerging sectors. We have some of the country's best local future proofed infrastructure in our city and strong connectivity for the South, all of which are crucial for a thriving local economy. Our location enables efficient transportation of goods domestically and internationally, and we are well-connected, with Lyttelton Port serving as a significant shipping hub for the wider South Island. The Christchurch Airport with its international connections and growing freight capacity make our connectedness as a region perfectly positioned to support our strong export and manufacturing sectors.

There is however on-going work and support needed from the Government to ensure we can maintain this infrastructure and invest in those areas that have lacked investment for many years including our roads, bridges, and coastal shipping.

We have a growing reputation as a hub for innovation and new technology, and Canterbury businesses are developing world leading, sustainable innovations that will take New Zealand into the future.

Canterbury is also home to several world-class universities and tertiary providers, facilitating an education ecosystem that encourages our young people to become the best and brightest leaders of tomorrow. Additionally, there is a growing network of co-working spaces, business incubators, and accelerators, who all collaborate with long standing organisations like the Canterbury Employers' Chamber of Commerce, our economic development agencies and other locally based government departments and programmes, providing resources and support to entrepreneurs and businesses who can grow our economy.

With affordable housing, plenty of room to expand, and commercial rents significantly lower than in other main centres - Canterbury is a great partner for Government in realising what the future of New Zealand and our economy might look like.



A handwritten signature in blue ink that reads "Leeann Watson". The signature is fluid and cursive, with a small dot at the end.

Leeann Watson
Chief Executive
Canterbury Employers' Chamber of Commerce

Canterbury Employer's Chamber of Commerce



What do Canterbury businesses want?

- 01** **Fit-for-purpose workforce settings.**
Ensure settings are in place that enable a fit for purpose labour market that works for employers and employees.
- 02** **A skilled workforce, now and in the future.**
Invest in systems that enable every student to leave school with a strong foundation of skills they need for the world of work. Support those in the workforce to respond to on-going disruption and uncertainty, both economically and socially.
- 03** **Regulatory certainty and reduced compliance costs.**
Reduce counterproductive regulatory barriers and associated compliance costs, that are significantly impacting businesses ability to thrive.
- 04** **Investment in infrastructure.**
Build for future growth and productivity through prioritising and improving connectivity, resilience and sustainability.
- 05** **Support to be innovative, sustainable, and resilient.**
Build for future growth and productivity through prioritising and improving connectivity, resilience and sustainability.
- 06** **Support for small business**
Ensure that small businesses are enabled to thrive by enhancing access to finance, collaboration from Government services, and implementing a small business lens over compliance activity.
- 07** **Action on crime and antisocial behavior.**
Commitment to increased authority and resource for the Police to expedite and sufficiently deal with crime and antisocial behaviour.
- 08** **A celebrated Christchurch and Canterbury.**
As the second largest city and a thriving region to work, invest, travel and live.

01 Fit-for-purpose workforce settings.

- 1.1 Reintroduce 90-day trials for all employers.
- 1.2 Depoliticise minimum wage rates and ensure they are stable and predictable. Create immigration settings that are open, simple and predictable.
- 1.3 Remove Fair Pay Agreements.
- 1.4 Develop a talent attraction strategy to reinforce New Zealand is open for business.
- 1.5 Make immigration settings open, simple and predictable.

Like the rest of the country, Canterbury faces challenges in accessing the right talent.

Employers tell us that recent immigration settings have not positioned us well, and the lack of clarity and certainty on pathways to residency leave us as a country well down the list in comparison to markets such as Canada or even Australia. The wider perception that 'New Zealand is still closed' because of tight immigration policy settings is making it harder for businesses to attract much needed talent.

Our Immigration settings need to be open, simple, and predictable and focused on improving employers' ability to attract the international skills and talent that employers need today and in the future.

Uncompetitive settings are exacerbated by administrative and bureaucratic barriers that delay visa applications. Immigration New Zealand needs to work more closely with employers to provide open, simple and predictable settings and should be adequately resourced to do so.

Business is made up of people and to maximise successful outcomes for all, employers are committed to creating strong relationships and good working conditions for their employees. There are also many risks for employers and significant costs in recruiting and investing in new employees. Providing labour market settings to support and enable employers to employ people who have limited skills, experience or who have faced challenges will not only support employers, it will also ensure those more vulnerable in society are given more opportunity for employment. The 90-day trial provides those on the fringes of the labour market with opportunities that employers may not necessarily be willing to provide, given these often carry greater risks.

At the same time, businesses feel that the process of setting the minimum wage has become too politicised. The increases have become unpredictable, with the business community granted little notice and too little consideration of the economic circumstances many small businesses face. An example of another country taking action to reduce minimum wage uncertainty is the UK, which has a Low Pay Commission – an independent body that advises the Government about the National Minimum Wage. Each year the Commission carries out extensive research and consultation with employers and employees and analyses relevant data to understand the state of the economy, labour market, and the impact of minimum wage.

Fair Pay Agreements will make our labour market less responsive and less competitive imposing one size fits all pay rates on entire industries regardless of business size, location or market.

“Our people are our best infrastructure.”

– Manufacturing leader

02 A skilled workforce, now and in the future.

- 2.1 Ensure the education system focusses on essential skills like reading, writing and maths, and provides a strong foundation for work-readiness skills like time management, communication, and critical thinking.
- 2.2 Collaborate with employers to better inform career pathways in emerging industries and technical careers like advanced manufacturing.
- 2.3 Invest in a vocational education system that is agile in responding to workforce needs, by putting employers and the people they want to employ at
- 2.4 the core.
- 2.5 Support employers' thorough disruption and in upskilling their workforce for the future.
Continue to support the uptake of apprenticeships and on-job training.

Canterbury is home to several world class universities and educational institutions, which contribute to a skilled and talented workforce. However, employers are concerned about the diminished skills and soft skills that high school and university graduates are entering the workforce with. The latest available rankings from the OECD show a deeply concerning decline in reading, mathematics and science capability from previously high levels of performance, with more rapid declines among the lowest-achieving students.

New Zealand needs an internationally regarded and globally competitive education system across primary, secondary, tertiary, and vocational training – to provide a system that enables every student to leave school with a strong foundation and open pathways to enable them to get the skills they need and be set up for the world of work, particularly literacy, numeracy, and digital skills.

There needs to be a focus on making sure that children turn up to school and that they are taught by well-resourced teachers using a global best practice curriculum that is fit for purpose and keeps abreast of the rapidly changing needs of the workplace and society as a whole. Business needs to be able to easily collaborate with educational institutions to develop industry-relevant education and training programmes that align with their needs. In Canterbury this means focusing on skills development in sectors with growth potential, such as technology, agriculture, and high-tech manufacturing considering the global environment our business community now interface with.

Coupled with the declining performance of our education system, is the widening of the digital skills gap. Globally, by 2025, it is estimated that up to 40% of the core skills needed for specific jobs are expected to change and 50% of employees will need to learn new skills. New Zealand business is beginning to see this gap grow and is concerned that the Government does not yet appear to have an adequate plan – with genuine engagement and consultation with business/employers – for how to resolve this widening skills gap.

“There needs to be pathways for young talent to create tech locally that can be used globally. Canterbury already has a reputation for achieving more with less for longer.”

– Business leader

03 Regulatory certainty and reduced compliance costs.

- 3.1 Review compliance cost drivers for businesses and ensure that there is an all of Government understanding of the impacts of regulatory compliance on businesses, particularly Small business and put in place a programme to reduce compliance where it does not add value.
- 3.2 Prioritise robust regulatory process to ensure Government is not placing counterproductive compliance costs on business.
- 3.3 Genuinely partner with business on amendments to the regulatory systems that impact them.

New Zealand has long been seen as a good place to do business because of our predictable, stable and evidence-based regulatory environment. However, businesses tell us that they now see increasing regulatory uncertainty and risk which negatively impacts business confidence and therefore their appetite to invest.

It's not just policy uncertainty that affects confidence; it's the pace of change, along with rapidly increasing compliance costs that is adding frustration and fatigue. Canterbury is a region of small business and rapidly increasing regulatory burden of this type and the cost of this disproportionately impacts them. SMEs say that on average, overhead costs like rent and insurance have increased by \$1500 per month, with an estimated \$240 of that coming from increased compliance activity.

Businesses want to be more involved in consultation, developing a system that regulates the minority not the majority and using existing rules and regulations rather than introducing new ones where possible.



“We need to draw a line between competitive and regulated markets.”
– Business leader

04 Investment in infrastructure.

- 4.1 Develop both a short- and long-term plan for investment in key infrastructure in the region that considers the role of central and local government, alongside the business community.
- 4.2 Ensure when we are investing in core infrastructure that we are building for future growth, not what we need today and engaging with the business community to understand what that future growth looks like.

Provide a long-term view of the Government's commitment into future investments in infrastructure to assist with decarbonisation that will give industry certainty and the confidence to make their own investments. There has been strong infrastructure investment in Canterbury to build back what we lost following our earthquakes including the improved connectivity of our 'new city', but more needs to be done.

There must be a significant focus on leveraging infrastructure to enable growth opportunities for our region, and businesses tell us that long term planning and continued investment in this is key to unlocking their own investment in growth and productivity.

We have seen how infrastructure can enable growth in a regional economy following significant private and Crown investment in Canterbury over the last decade. Rolleston for example grew by more than 770% between 2001 and 2021, our house prices are \$155,000 below the national median, and our commute times are significantly shorter than in other main centres.

We are the perfect testing ground for significant long-term infrastructure projects because of our scale as New Zealand's second largest city, without significant geographic barriers, and having plenty of room to expand.

Canterbury is heavily reliant on key connectivity infrastructure that need investment to ensure the region's resilience and business productivity remain strong. This investment includes Ashburton bridge, the reliability of Cook Strait ferries, rail shipping, coastal shipping and the network capacity for electrification of a number of industries and Small business operations. Additionally, we must focus on expanding digital infrastructure to ensure widespread access to high-speed internet.

"WYMA QUOTE HERE"

– Aged Care leader

"We are horrible at investing ahead of demand."

– Aged Care leader

05 Support to be innovative, sustainable, and resilient.

- 5.1 Build stronger links between science and business, as well as enabling policies such as accelerated depreciation and R&D financing for small business and start-ups to encourage the rapid uptake of new knowledge and innovation.
- 5.2 Engage with business to provide clear and easy to understand guidance and support to plan their decarbonisation journey, such as industry specific plans, planning support through Regional Business Partners and easy to access finance for small business.
- 5.3 Implement a fit-for-purpose depreciation scheme for research and development that better recognises the cost of investing in small business.
- 5.4 Introduce more transparency around Government support for exporters, including guidance on attaining or retaining F1400 support from NZ Trade and Enterprise.
- 5.5 Enterprize.
Prioritise investment in New Zealand's freight and supply chain resilience.

Canterbury has a dynamic entrepreneurial culture and a supportive business community. The city is known for its innovation and resilience. The entrepreneurial spirit and collaborative environment make it an attractive place for startups and established businesses alike. Between 2018 and 2022, 372 businesses have started out of the University of Canterbury by staff, academics or students, including 147 social enterprises. These businesses need to be further supercharged for the region to accelerate our status as an innovation and entrepreneurial hub. This is particularly important in the manufacturing sector which contributes 64% to Canterbury's GDP. Many of these businesses face high costs around decarbonisation for example and will require support as they innovate towards a zero-carbon future. We need to prioritise stronger links between Government, scientists, academics and researchers, and business to enable the rapid uptake of new knowledge and innovation to global markets.

A key priority must be encouraging businesses to adopt and support initiatives focused on renewable energy, waste reduction, and environmental conservation. While Canterbury is proud of their focus and achievements in low emissions and energy efficient developments and a variety of climate leading agriculture and transport, there is more to be done.

The impact on small business to decarbonise, with many SME's wanting to get there, they just don't know how. Many businesses, particularly small businesses who do not have the in-house expertise or capacity but do want to start their journey to decarbonise need support to stay abreast of all climate policies and regulations. Government plays a critical role in regulating the system to give businesses and consumers the best information to make decisions on decarbonisation, and many of these businesses would benefit from clear milestones and a further understanding of what 'net zero' means for them.

In a world dominated by AI and increasing concentration on the role of digital in trade we need a digital environment that facilitates and supercharges the New Zealand of the future. Canterbury is the home to a large and growing number of both well-known and emerging high-tech companies who have chosen to stay or establish themselves in Canterbury. With a tech sector contributing \$2.4 billion worth of GDP and over 15,000 jobs, Christchurch is the place to grow knowledge and transform the way our country embraces technology for the future. Already the technology coming out of the University of Canterbury has founded 14 companies in the last decade. Government needs to play its part by ensuring effective, up to date and enabling regulation that builds trust amongst businesses, customers, and communities and that ensures that businesses are encouraged to invest in new forms of technology as they emerge, or to create it. The Government has an on-going role to play to help businesses take up technology and boost their digital capability to remain competitive, with access to finance being one of the biggest barriers for business.

Manufacturing and export opportunities could also be enhanced through providing support to Canterbury businesses looking to expand their international markets. This can include trade missions, export training programmes, market research assistance, and access to financing for export activities. Businesses also tell us that more transparent access to the NZTE F1400 programme would be helpful, particularly for small business. Small businesses who want to understand what they need to do to get that higher level of service. There are many existing networks including the Chamber and BusinessNZ Networks amongst others who can readily deliver this type of support to their local businesses through collaboration with Government.

Supply chain resilience is essential not only for local business and communities, but also for our manufacturers and exporters who rely on a resilient shipping network, port system and road and rail. The Government has a role to play to ensure that our infrastructure and shipping networks are conducive to having a resilient supply chain.



“A lot of what I want to automate in my business is about making things more productive, but none of this investment comes cheap.”

– Business leader

“Government needs to orientate outwards if we’re going to truly compete on the world stage.”

– Tech leader

06 Support for small business.

- 6.1 The Government needs to provide a better mechanism for small business to be able to access to finance
- 6.2 Extend collaboration with existing networks to enhance the support provided to small and new exporters.
- 6.3 Implement a small business lens over compliance activity to genuinely understand the impact on small business.

Small business play a foundational role in New Zealand's economy, with around 550,000 Small business collectively employing 29.3% of the entire workforce. However, Small business are particularly vulnerable to the state of the economy, weather-related events, and global uncertainty. All these challenges impact their confidence and ability to do business. In the current environment, the two major issues concerning Small business are compliance costs and rising crimes in all its forms.

Business understands the need for regulation, however, with limited resources, it is incredibly difficult for Small business to meet all their compliance obligations. To Small business, an environment that is conducive to their success means compliance costs that are relevant, understandable, and well signalled, minimum wage settings that are depoliticised and predictable, enabling adequate forward planning and a regulatory environment that encourages small business growth. Examples of this include improved access to financial and legal advice and legislation that is fit for purpose, such as the 90-day trial extended to businesses with more than 20 employees.



“Government needs to acknowledge business as their greatest asset in moving us all forward.”
– Business leader

07 Action on crime and antisocial behavior.

- 7.1 Commit to increased authority and resource for the Police to expedite and sufficiently deal with crime and antisocial behaviour.
- 7.2 A regular update, provided to businesses, outlining the actions that the Government is continuing to take to support businesses.

Ram raids have taken most of the Government's attention with respect to rising crime and violence. While these have been a prevalent form of recent crime, Small business continue to have major issues with theft at large, including the theft of livestock in rural New Zealand, which has not received much attention or assistance. Small business would like to see the Government addressing rising crime and violence in general.

Throughout the past month, we have witnessed a significant surge in violent and opportunistic crime throughout the region, predominantly within the central city. Businesses, their employees, our residents, and visitors continue to be harmed by a continual stream of smash and grabs, and ram raids, that are leaving business owners out of pocket, and employees fearful for their safety. The only obvious form of support that has been provided is a police-controlled fund that as of October 2022, was publicly reported to have helped seven businesses is simply no longer enough to address this urgent issue.

We recognise that there are a number of complex factors that contribute to the causes of criminal activity, and that ongoing challenges such as the truancy crisis, increased cost of living and the lingering effects of the disruption caused by the COVID-19 lockdowns are facilitating an environment where these actions are occurring at an increased rate, and that there are a number of long-term contributing social factors.

But there must be consequences for these actions, in the short term, and there must be further support for businesses.

"People are getting tired of this mindless behaviour."

– Business leader

08 A celebrated Christchurch and Canterbury.

8.1 Actively recognise the critical role Canterbury plays in the national economy and engage more with our local community to understand the opportunities it can provide for New Zealand.

There needs to be a greater recognition by Government on the role that Canterbury plays in the national economy and that Canterbury is the economic hub of the South Island. Too often we see Government announcements and policy changes that are focused on Auckland and Wellington, but may neglect Canterbury and the wider South Island. Canterbury businesses are continually adopting new technologies, investing in their people and growing innovative industries and as a region we are the perfect trial ground for new ideas and pilot programmes – so we would like to see Government partner with us on more new initiatives.



We thank you for your continued support of businesses in Canterbury.

As we look forward, we need to focus on revitalising the economy through encouraging growth and increasing productivity. Government must support our region's 40,000+ small businesses by encouraging business investment, removing regulatory hurdles, investing in relevant infrastructure, providing trade opportunities, providing improved access to finance and fostering innovation and research.

Government also has needs to ensure that its own spending is conducive to New Zealand's economic and social success and Government spending is not substituting for private sector investment, but rather enabling it.

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