HawkerBritton
Government Relations Strategy

NZ LABOUR PARTY - NZ ELECTION 2020

October 16, 2020

BUSINESS SUPPORT POLICIES

- Expand the existing Flexi-Wage scheme to assist businesses in hiring 40,000 New Zealanders whose employment is impacted by COVID-19. Under the current scheme businesses currently receive an average subsidy around $3,750. Labour would double this to an average of $7,500 as well allocating $30 million to a Flexi-Wage Self Employment programme for people looking to start their own business, which will provide wages to the self-employed person of a minimum wage for up to 30 hours a week.
- Expand interest-free small business cash flow loan scheme for businesses affected by Covid-19, which will also enable investment in new assets such as equipment or digital infrastructure. Loans would be offered for another three years to 31 December 2023 (total 5 years), and the interest free period would be extended from 12 to 24 months.
- Expand entry criteria for people entering New Zealand. Labour has committed at least 10% of places for businesses to bring in essential workers and executives, and are also expanding access for workers in agriculture, horticulture and fishing and facilitating more work visa holders to stay longer.
- Launch an Investment Attraction Strategy to encourage targeted and high-value international investment into New Zealand.
- Regulate the debit and credit card fees charged by a retailer's bank to reduce costs. The regulations would bring these costs in line with overseas, saving an average retailer as much as $13,000 per year.
- Fund $2,500 of free digital technology training for small businesses through a voucher scheme, which would cover fees for short-courses or training or for support to assess their use of digital technology and develop a digital action plan. The scheme will be targeted to businesses with between 1 and 20 employees and the training provided by chambers of commerce, regional business partners, or industry bodies.
- Speed up implementation of online business licensing, consent and permit system. Labour will spend $10 million on accelerating the rollout of Business Connect, and tools such as e-invoicing and the NZBN.
- Simplify way of calculating provisional tax by simplifying the accounting income method (AIM) tax regime with a view to making it easy for small businesses to move to a 'pay as you earn' model throughout the year. The improvements would be done in consultation with tax agents and software providers.
- Continue to provide business tax relief. In April, the government announced a tax loss carryback scheme. This scheme allows businesses to access their previous tax payments as ash refunds, which allows a forecast loss in the current financial year to be offset against the tax paid on a profit from last year.
- Work with the OECD to get an international agreement that would put measures in place so multinational corporations pay their fair share. Prepared to introduce a narrowly targeted Digital Services Tax (DST) if an agreement is not possible.

- Require electronic invoicing for all interactions with the state sector by December 2022.
- Investigate new ways to provide financial support to small businesses — Options include the small business growth fund, repurposing the small business cashflow loan scheme, establishing a micro-finance company for small businesses, or expanding the mandate of the Venture Investment Fund.
- Set a target for government departments to pay 95 percent of domestic invoices in 10 business days.
- Consider establishing a cross-government unit dedicated to ensuring that every new regulation is considered from the perspective of its impact on small business.
- Committed to strengthening and simplifying the Holidays Act, including making it easier to calculate leave entitlements and deductions.
- Invest $75 million over two years for more support for digital training courses for SMEs with up to 20 staff, including both general digital skills and tailored training for particular industries.
- Continue to improve broadband connectivity and capacity across New Zealand with a particular focus on rural communities, connecting around 84,000 rural homes and businesses by 2023.
- Invest $60 million to boost broadband infrastructure in rural areas including the outskirts of Auckland and Wellington.

WORKPLACE RELATIONS POLICIES

Over the last term of Parliament, the Government made significant increases to the minimum wage and passed a series of laws to strengthen workers' rights but work stalled on Fair Pay Agreements and modernisation of the Holidays Act. The future of workplace relations is one of the sharpest dividing lines between the parties of the Left and Right, with the sides holding opposing views on minimum wage increases, public holidays, sick leave, Fair Pay Agreements, break entitlements, and other issues.

EMPLOYMENT & WAGES

- Increase the minimum wage to $20 an hour by 2021.
- Progressively extend the living wage to all contracted public service workers, including contracted security guards, cleaners and caterers.
- Extend sick leave from five to 10 days per year.
- Implement Fair Pay Agreements within competitive industries, FPAs are agreements between unions and employers that set minimum terms and conditions of employment for workers in an entire industry or occupation, similar to Awards in Australia.
- Make changes to the Employment Relations Act to make it harder to undermine collective agreements. This will mean unions do not need to establish the "intent" of employers who automatically pass on gains from collective bargaining to non-union workers.
- Work with unions and employers to develop a better statutory regime to protect dependent contractors and ensure that they have fair wages and employment conditions, such as the ability to bargain collectively, requiring written contracts and introducing a duty of good faith for dealings.
- Complete bargaining in good faith to quickly achieve pay equity for nurses and for District Health Board administration and clerical staff and Improve transparency for

women by ensuring there are better records of pay equity across NZ, including by ethnicity and age as well as gender.

WORKING CONDITIONS

- Provide additional workplace protections for security guards when firms undergo restructuring, by adding security guards to Schedule 1A of the Employment Relations Act.
- Raise the age for workers to be allowed to perform hazardous work from 15 to 16 to align with the school leaving age and reinstate the right for workers in small businesses to elect health and safety representatives.
- Introduce an industry levy for shore-based welfare centres for seafarers.
- Make Matariki a public holiday from 2022, which will fall on a Monday or a Friday within Matariki (late May-early June).

CLIMATE CHANGE & ENVIRONMENT POLICIES

Under the Zero Carbon Act passed last term, the next term of Parliament will see the first five-year Carbon Budget laid down by the Climate Change Commission. Key issues include responsibility of the agriculture sector for its emissions, the future of oil and gas extraction, decarbonising the transport sector, and water regulations and storage.

CLIMATE CHANGE

- Bring forward the target for achieving 100 percent renewable energy by five years from 2035 to 2030.
- Continue the one billion trees programme.
- Ban construction of new thermal baseload electricity generation.
- Provide funding to continue implementation of the green hydrogen strategy developed by the current government. The next step in the strategy would be a roadmap focused on green hydrogen exports, use in the heavy transport fleet, and other potential uses, such as to support remote communities.
- Require that only zero-emissions buses be purchased by 2025, with the goal of completely decarbonising the public transport bus fleet by 2035.
- Support agricultural climate change research programmes through increased funding across agricultural climate change research programmes by $6 million a year, to boost research happening in New Zealand and build on our international leadership in this area.
- Promote the Agreement on Climate Change, Trade, and Sustainability, which looks at using trade measures to address sustainability and climate change goals and will consider eliminating tariffs on environmental goods and services, measures to eliminate fossil fuel subsidies and developing guidelines for voluntary eco-labelling programmes.
- Introduce a vehicle fuel efficiency standard for new and used light vehicles entering NZ. The standard would be 105gCO_2 /km and would be gradually phased in from 2021 to 2025.
- Provide funding for the Energy Efficiency and Conservation Authority's low emission vehicles contestable fund and widen the scheme to include both demonstration projects and wider diffusion of low emissions technologies in the transport sector. This

would allow the fund to make contributions to the capital cost of low emissions vehicles, including buses.
- Continue the low emission vehicle contestable fund.
- Continue to support businesses to replace coal and gas with electrification.
- Continue to replace coal heaters with clean energy in schools and hospitals.
- Continue to work with farmers to reduce primary sector climate emissions at the farm level. This involves improving tools for estimating and benchmarking emissions on farms, increasing farm advisory capacity and capability, and providing recognition for on-farm mitigation.
- Continue funding to help farmers transition to sustainable land use practices. First announced in Budget 2019 and involves an investment of $229 million up to 2023, directed at improving the health of freshwater, adapting to climate change, and reducing waste to landfill.
- Continue programme to reduce carbon emissions from construction and operation and prepare buildings to withstand changes in the climate.
- Lease and build more energy efficient buildings and continue building on Kainga Ora's commitment to meet build to HomeStar 6, by working towards requiring governmentfunded construction projects to meet GreenStar 5 or 6 or equivalent.

ENVIRONMENT

- Provide funding for detailed design and engineering work on the Lake Onslow project, which was identified by experts as the renewable project most likely to address NZ's dry year needs. If viable, Labour estimates the project would employ up to 4,500 skilled and semiskilled workers.
- Investigate regulatory or market barriers to the uptake of solar micro-generation for residential and commercial buildings.
- Increase funding for the EECA's Business funding and Support and Energy Transition Accelerator programmes.
- Revise the National Environment Standards for Plantation Forestry, which would mean resource consents would be required for plantation or carbon forests over 50 hectares on land classified as Land Use Capability Classes 1–5. This would give farmers the flexibility to make a small plantation to support environmental goals, while allowing councils to decide how land should be used within their local government area.
- Create a new National Policy Statement For Renewable Electricity Generation.
- Encourage Kainga Ora, the Ministry of Education and other state agencies to investigate how best to reduce energy costs through energy efficiency measures and the installation of solar power generation, particularly in new buildings.
- Continue to implement protections for waterways.

CONSERVATION

- Continue the $1.3 billion Jobs for Nature programme for four years. The purpose of the programme is to provide up to 11,000 jobs improving freshwater and biosecurity, and planting native species.

TOURISM & TRAVEL POLICIES

The tourism industry has been hard hit by the loss of international visitors due to COVID, with New Zealanders holidaying domestically, rather than overseas, only partially replacing that lost revenue. Key issues for the coming term will be how much more support the industry will get from government and for how long, and what a recovery will look like post-COVID in what may be a very different international travel environment.

- Continue the tourism recovery fund worth $400 million aimed at helping the tourism industry recover from the impact of Covid-19.
- Continue the strategic recovery plan for the international education sector.
- Allocate a 10 percent quota for critical workers that are not from NZ to come into the country. Immigration criteria would be reviewed to allow for a broader range of workers to enter NZ.
- Continue the Jobs for Nature programme to nurture our environment and improve our tourism infrastructure

FISCAL PLAN

Due to the economic impact of COVID-19, both in increased government spending to support the economy and decreased tax revenue, the Government's books are projected to take a significant hit.

Treasury's pre-election economic and fiscal update (PREFU) projects core Crown net debt will peak at 56% of GDP in 2025/26. OBEGAL deficits will continue to the end of the projection period in 2033/34, with net debt falling to 48% of GDP by that time.

The economy is projected to shrink 0.5% in 2020/21, following a decline of 2% in 2019/20, before rebounding with growth peaking at 4.1% in 2023/24. Unemployment is projected to peak at 7.8% in 2021/22. (note: some statistics so far have been better than the PREFU forecasts- with the GDP decline in 2019/20 being 2% vs the 3.1% forecast and no rapid increase in unemployment as of yet).

- Labour has released a fiscal plan that is largely consistent with Treasury's PREFU.
- The plan allows for $2.625b of new operating spending each Budget, which equates to $26.25b over the next four years.
- $4.4b of this new operating expenditure will be used to fund specific election policies announced by Labour - the bulk of which are in health and education. Around $10b-$15b more will be needed for cost pressures in health and education.
- Labour's plan would use $2b from the $14.1b COVID Response and Recovery Fund (CRRF) for extending the Small Business Cashflow Scheme and other smaller programmes, leaving $12.1b of the contingency unspent.
- Labour's fiscal plan, assuming the remaining CRRF is unspent, sees net core Crown debt peak at 53% of GDP in 2025/26
- Labour would introduce a new top tax rate of 39% for income over $180,000 per year. This is estimated to affect 2% of taxpayers.

Further information

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