



Te Kāwanatanga o Aotearoa
New Zealand Government

Our Economic Plan

Supporting Aotearoa New Zealand to become a high wage low emissions economy that provides economic security in good times and bad.

Building a high wage low emissions economy

We are supporting Aotearoa New Zealand to become a high wage, low emissions economy that provides economic security in good times and bad.

We are putting in place the building blocks for an economy where all businesses, large and small, can thrive and pay higher wages, and where our emissions are rapidly trending to net-zero; an economy that is resilient and provides economic security for all in good times and bad.

The world economy is in a period of structural and geopolitical change. The destructive impacts of climate change are increasingly being felt. There are risks to New Zealand from inaction, but there are also huge opportunities for our innovative businesses and people to build a high wage, low emissions economy.

Addressing New Zealand's long-standing challenges is key to achieving our climate goals. To take advantage of these opportunities and build a sustainable, globally competitive economy, bold action and investment is needed now. That is why we are tackling the long-standing challenges that have held us back: our low rate of productivity and capital intensity, our infrastructure deficit, our ongoing skills shortages, our over-reliance on commodity exports, and the persistent inequality that limits the ability

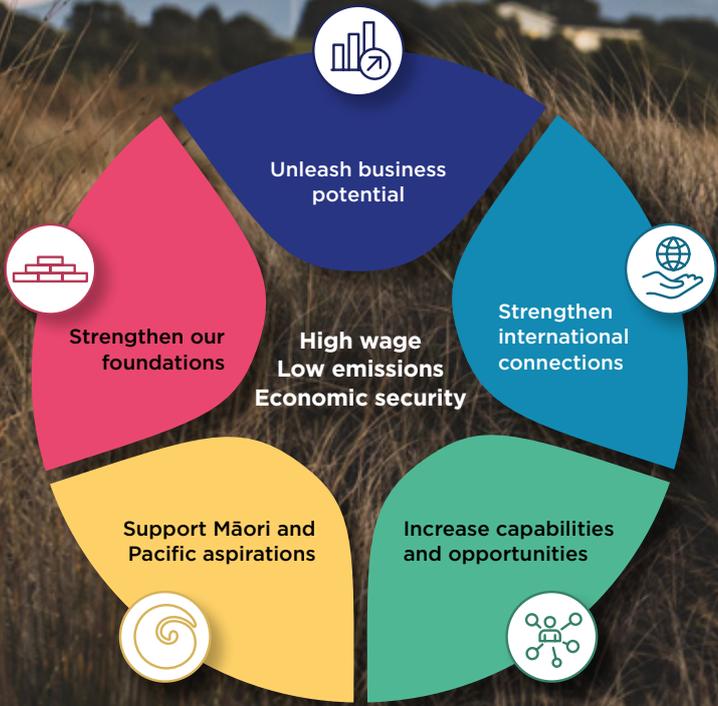
of many of our people to contribute to building a more prosperous future where they can live the lives they value. That is why we have also legislated to create the necessary climate change frameworks and institutions to provide business with the certainty needed to drive down emissions and address climate change risks.

We will achieve a high wage low emissions economy by working together, by strengthening our culture of partnership between business, workers, Māori, local communities and Government, and by building on our global brand for quality, integrity and honesty.

To lay the groundwork for achieving our vision, we are implementing a suite of policies across five areas of focus:

ISBN: (print) 978-1-99-104170-8
(online) 978-1-99-104171-5

SPP 8622





Unleash business potential

Delivering the productivity gains that will drive a high wage, low emissions economy requires significant innovation amongst all of our businesses, from our small and medium businesses to our large industries. That innovation needs to be across everything we do, including what we produce and how we produce it.

We will make this possible by building a supportive and flexible business and regulatory environment that promotes innovation, knowledge generation, capability building, integrity and quality investment, and by partnering with key industries to develop focused transformation programmes.



Key initiatives include:

We are working with industry to improve productivity, diversification and resilience and have allocated an additional \$148 million to deliver actions across the eight **Industry Transformation Plans (ITPs)**: Tourism, Advanced Manufacturing, Agritech, Forestry and Wood Processing, Fisheries, Food and Beverage, Digital Technologies, and Construction. We have allocated \$4.5 million for the **Enabling Māori Fund** that will allow for Māori enterprises, businesses and iwi to advance opportunities within each ITP.

We continue to support regional business through the \$200 million **Regional Strategic Partnership Fund**, including specific funding of \$40 million to unlock the potential of whenua Māori. The **R&D Tax Incentive** and the **Strategic Science Investment Fund** are aimed at lifting our R&D performance and we are also working to create a modern, future-focused research, science and technology system for New Zealand through **Te Ara Paerangi – the Future Pathways Programme**.

We are investing \$2.9 billion from the **Climate Emergency Response Fund (CERF)** to achieve our **Emissions Reduction Plan**. This includes a \$600 million increase to the **Government Investment in Decarbonising Industry (GIDI) Fund**, and close to \$400 million to accelerate development and uptake of agricultural emissions reduction technology. We are working to deliver a more productive, sustainable and inclusive primary sector through a suite of strategic initiatives under the **Fit for a Better World** work programme. Through **He Waka Eke Noa** (Primary Sector Climate Action Partnership) we are working with food and fibre sector leaders to implement a framework by 2025 to reduce agricultural greenhouse gas emissions and build the agriculture sector's resilience to climate change.

Our support for small business includes schemes like **Digital Boost** and **Regional Business Partners**, and we have set aside \$100 million for a **Business Growth Fund** which is being developed with New Zealand's major banks to help small and medium businesses grow by improving their access to finance.





Strengthen international connections

Deepening our connections with global centres of knowledge and innovation, including through the university and science system, enhancing capital flows, and attracting skills that work for New Zealand will accelerate our drive for high wages and low emissions. International cooperation allows us to access and share innovation, investment, ideas, technologies and products that will help us transition to a low-emissions future.

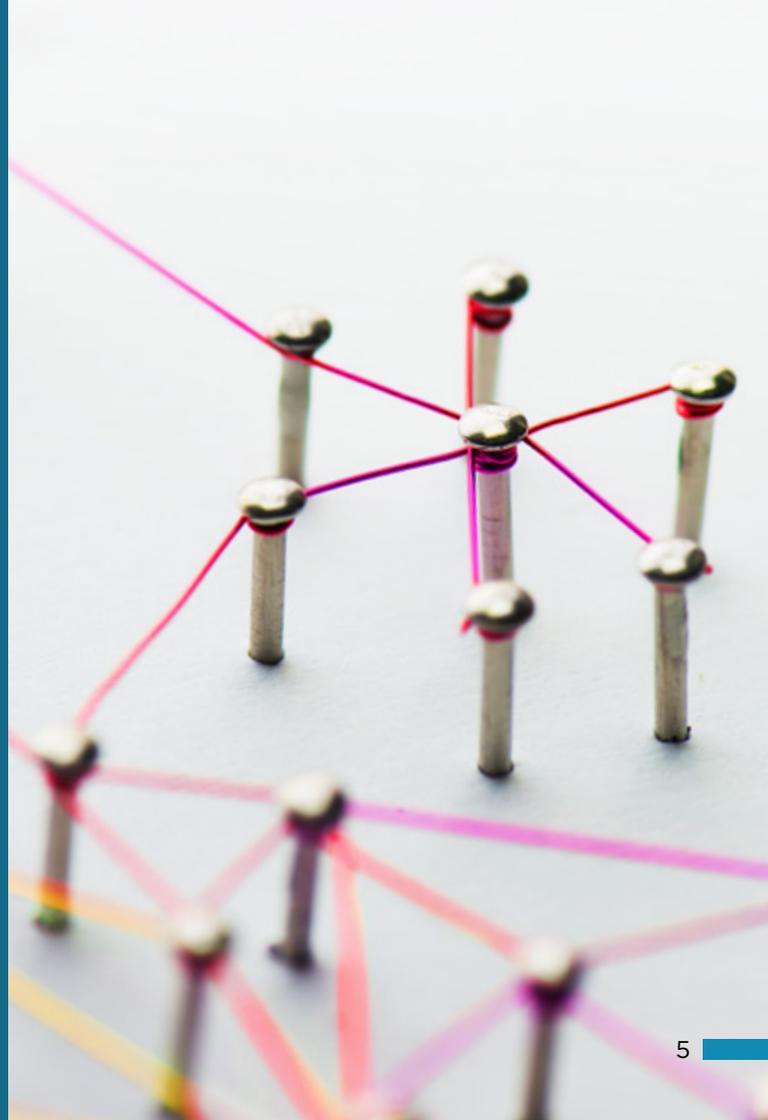
Building on our existing and emerging sectoral strengths, we will work with our partners to enhance our New Zealand brand and lift the value, integrity, diversity and sustainability of the goods and services we produce and trade, and further diversify the markets we trade with.



Key initiatives include:

We have concluded **Free Trade Agreements (FTAs)** with the UK and the EU. We continue to negotiate with the Gulf Cooperation Council, to upgrade existing FTAs and to expand the membership of the **Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)** and the Digital Economy Partnership Agreement. We are looking to conclude the **Agreement on Climate Change, Trade and Sustainability (ACCTS)**, a plurilateral trade agreement that brings together trade, climate change and sustainability agendas. Through **The Immigration Reset** we will ensure we have the skills that work for New Zealand. The Government will continue to support our exporters, such as, through **New Zealand Trade and Enterprise**, and other agencies. Our **Innovative Partnerships Programme** is dedicated to helping international research and development intensive businesses to connect, collaborate and invest in New Zealand.

We continue to develop our portfolio of **bilateral and multilateral science and innovation partnerships** to better connect New Zealand's science system to the rest of the world. This includes participating in global climate research initiatives, such as the **Global Research Alliance on Agricultural Greenhouse Gases**. We are modernising New Zealand's **export and import certification systems**. We continue to support the promotion of the New Zealand brand through **the New Zealand Story**.





Increase capabilities and opportunities

Delivering quality education, training and upskilling, so that all New Zealanders, regardless of where they live, have the capability and opportunities they need to live the lives they value.

Those opportunities will be created within New Zealand by partnering with business, through community partnership that enhances social innovation, and through an education system that delivers to the needs and aspirations of all New Zealanders from preschool to the highest vocational and academic qualifications.

We will also ensure our labour market systems create fair outcomes for all.



Key initiatives include:

We continue to partner with business through schemes like the **Apprenticeship Boost** and the **Targeted Training and Apprenticeship Fund**, with more than 200,000 New Zealanders taking up free apprenticeships or training since July 2020.

Through partnerships like the **Reform of Vocational Education**, we are shaping our education system for the future. We are supporting community led social innovation through such entities as **The Southern Initiative**. The independent **Regional Skills Leadership Groups** are working to identify and support better ways of meeting future skills and workforce needs in our regions and cities. The **Mana in Mahi** employment programme is supporting people into skilled employment by enabling them to gain industry training qualifications while working,

and we are supporting community-led responses through the **Enabling Partners and Communities** programme and delivering sustained employment outcomes for rangatahi aged 18-24 through **He Poutama Rangatahi**.

System changes, including **Fair Pay Agreements** and **minimum wage** increases, will ensure that our labour market creates fairer outcomes for all, and we are working to establish a **Social Insurance Scheme** similar to other developed economies. We are continuing our **Welfare Overhaul** to ensure people have an adequate income and standard of living so they can meaningfully participate in their communities.

We will harness the potential of our world-class universities to shape our future through the production of leading-edge research, the provision of academic expertise and the nurturing of talent across all disciplines.





Support Māori and Pacific aspirations

Achieving a high wage, low emissions economy requires partnering with Māori and Pacific business and people to deliver on Māori and Pacific aspirations through leveraging their unique strengths and demographic potential and facilitating the diversification of assets and enterprise bases.

We will do this through partnership that honours Te Tiriti, fosters inclusion, bolsters economic resilience for current and future generations, and enhances the mana of Māori and Pacific people.



Key initiatives include:

We are supporting Māori business potential with: \$2.2 million for the Māori Innovation Fund, \$2 million per annum for the Vision Mātauranga Capability Fund, \$33 million for expanding the Impact of Vision Mātauranga Initiative, and \$27 million for Te Pae Tawhiti to enable appropriate use and protection of mātauranga Māori.

We have invested \$10 million in **Te Ringa Hāpai Whenua Fund**, to further support Māori landowners to utilise their whenua. We are also investing \$34.5 million to increase the productivity and sustainability of primary sector assets. We are fostering training and employment opportunities for Māori through the **Cadetship Programme**, the **Māori Trades and Training Fund** and the **Māori Employment Action Plan**.

The **Māori Economic Resilience Strategy**, together with the refresh of **He Kai Kei Aku Ringa** will support alignment of effort across government agencies.

To increase Māori and Pacific businesses' access to and participation in public sector procurement we've allocated an additional \$26 million for the **Progressive Procurement** initiative to build Māori capability and \$6.25 million for the **Pacific Procurement Support Service** to build Pacific capability.

We are supporting Pacific people into higher paid jobs through \$22.1 million for **Alo Vaka**, \$18 million for **Pacific STEAM Futures**, \$8 million for **Tupu Aotearoa** and \$16.2 million for the **Pacific Business Village**.





Strengthen our foundations

Investing in quality, future-focused infrastructure and institutions will provide the foundations that support high wage jobs and a sustainable, climate resilient economy. We will create an environment that supports the flow of public and private investment towards building our social, natural, human and physical capitals.

A regulatory environment that supports resilience and change will also be key.



Key initiatives include:

We are investing \$57.3 billion over the next five years in infrastructure that will **modernise our schools**, **rebuild our health system**, and set the foundations for a climate-resilient economy. This includes continuing work on **Auckland Light Rail**, investing a further \$661.5 million to restore and integrate the **national rail system** and \$60 million to improve **Rural Broadband Connectivity**. We are also developing a **National Freight and Supply Chain Strategy** to prepare our supply chain system for the next 30 years.

Through the **Climate Change Response (Zero Carbon) Amendment Act 2019** and the establishment of the **Climate Change Commission** we have instituted the legal framework by which New Zealand

can develop and implement clear and stable climate change policies. We have delivered New Zealand's first **Emissions Reduction Plan** setting the direction for climate action for the next 15 years, and the first **National Adaptation Plan** to meet the challenges of a changing climate.

We are replacing the **Resource Management Act (RMA)** with new legislation that will protect and restore the environment while better enabling development. This will provide for long-term regional spatial strategies, and address complex issues associated with climate adaptation.

New Zealand's strong foundational regulatory systems are an asset that we will continue to maintain and adapt – so that they are fit for purpose for today and tomorrow.



Success is when:



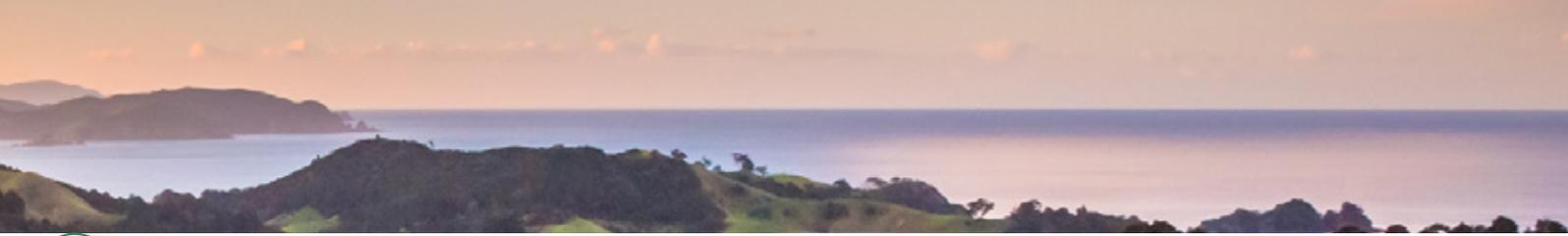
1. Unleash business potential

- Economic activity is productive, diversified and underpinned by regenerative and sustainable business models and a flexible, forward-looking regulatory regime.
- Our innovation system is based on international best practice, customised for New Zealand conditions and industrial structures, with a strong focus on business adaptation and adoption of the latest global technologies.
- We have a vibrant entrepreneurial culture able to leverage our core knowledge assets and innovation capabilities, particularly in the bioeconomy and technology sectors.



2. Strengthen international connections

- Our New Zealand brand is globally recognised and trusted by the world's most discerning customers. We are internationally renowned for participating in developing innovative solutions to some of the world's biggest societal challenges.
- Our businesses, regions, industry clusters and centres of knowledge have grown deeper connections to off-shore customers, investors, markets and global knowledge hubs strengthening the flows of goods and services, knowledge, capital and people.
- An increasing number of firms export a diverse range of high value products and services to an expanding range of markets.



3. Increase capabilities & opportunities

- All New Zealanders, regardless of where they live and how they contribute, have access to the education, skills training and lifelong learning they need to live the lives they value, and to participate meaningfully in their communities and in businesses of all sizes; as workers, entrepreneurs, service providers, business owners, managers, community leaders and participants.



4. Support Māori and Pacific aspirations

- Māori and Pacific enterprises are successful and sustainable in the face of future change. They are entrepreneurial, digitally capable and globally connected. The number of Māori and Pacific enterprises has grown significantly, particularly in high value industries. The significant potential of unique Māori culture and identity is unlocked through effective protection and appropriate use of mātauranga and other taonga.



5. Strengthen our foundations

- Our infrastructure is accessible and affordable and designed to support a high wage, low emissions economy and society, as well as enhancing our global competitiveness and connections to the world.
- Our standards, rules and norms conform with our democratic values and Te Tiriti, support inclusiveness, promote public health and the regeneration of natural systems and communities, uphold labour standards and enable private sector endeavour.
- Our regulatory settings are based on a deep understanding of New Zealand's circumstances, informed by international experience. Our regulation helps us to be resilient in a rapidly changing environment.
- Our capital markets support innovation, entrepreneurial endeavour and expansion of circular, low emissions businesses.



Te Kāwanatanga o Aotearoa
New Zealand Government

Our Economic Plan

Supporting Aotearoa New Zealand to become a high wage low emissions economy that provides economic security in good times and bad.

