



## BRIEFING

### Prime Minister's Business Advisory Council – Meeting 8 November

<b>Date:</b>	2 November 2018	<b>Priority:</b>	High
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	1578 18-19

Action sought		
	Action sought	Deadline
Rt Hon Jacinda Ardern <b>Prime Minister</b>	<b>Note</b> the attached agenda and papers for the first meeting of the Prime Minister's Business Advisory Council	8 November 2018
Hon Grant Robertson <b>Minister of Finance</b>	<b>Note</b> the attached agenda and papers for the first meeting of the Prime Minister's Business Advisory Council	8 November 2018
Hon David Parker <b>Minister of Economic Development</b>	<b>Note</b> the attached agenda and papers for the first meeting of the Prime Minister's Business Advisory Council	8 November 2018

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Paul Stocks	Deputy Chief Executive, Labour Science and Enterprise, MBIE	Privacy of natural persons	✓
Kate Challis	Secretariat, MBIE		

The following departments/agencies have been consulted

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

**Comments**



## BRIEFING

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#### Purpose

This note provides you with the agenda, workplan and background for your attendance at the first meeting of the Prime Minister's Business Advisory Council.

#### Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** the proposed agenda, workplan and background for the Prime Minister's Business Advisory Council's inaugural meeting

*Noted*

- b **Agree** to provide feedback on the agenda and workplan by Monday 5 November

*Agree/disagree*

Paul Stocks  
Deputy Chief Executive  
MBIE

..... / ..... / .....

Rt Hon Jacinda Ardern  
Prime Minister

..... / ..... / .....

## Background

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1. The inaugural meeting of the Prime Minister's Business Advisory Council (BAC) is being held on 8 November. Membership of the BAC is at annex one, and the Terms of Reference is at annex two.
2. An Agenda (annex three) and joint work programme (annex four) for the inaugural meeting of the BAC have been developed following discussion between the Prime Minister's Office and the Chair of the BAC.
3. Minister Robertson, Minister Woods and Minister Parker have been invited to attend. Minister Robertson, and Minister Parker have confirmed that they will attend, Minister Woods is unable to attend.

***The key outcome sought from the first meeting is broad agreement to five priorities for the BAC:***

- Building tomorrow's skills
  - Unlocking innovation and capital
  - Accelerating our regions
  - Unleashing our SMEs
  - Securing our food and water
2. These were developed initially by the chair and refined and discussed between your office and officials.
  3. These priority areas align with the Government's plan for a modern New Zealand by growing and sharing New Zealand's prosperity more fairly and supporting thriving, sustainable regions. We will provide the BAC with the Government's Our Plan in advance of the meeting.
  4. There will be opportunity at the meeting to suggest other areas that the BAC could consider, such as the role business can play in progressing the Government's social policy agenda, for example, philanthropic ventures such as food in schools.

***The first meeting will focus discussion on three priorities:***

- Building tomorrow's skills
  - Unlocking innovation and capital
  - Accelerating our regions
5. Christopher Luxton will chair and lead discussion on the day. There will be opportunity at the start of the meeting for you to welcome the Council and outline your expectations for their work.
  6. Talking points and background for the agenda items are outlined below.

## Talking points for the Agenda

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### ***Agenda item 1: Welcome and introductions***

- The Council is an excellent vehicle to build closer relations between Government and business and to harness private sector expertise to inform and test the development of Government's economic policies.

- It provides a forum for business leaders to advise myself and the Government on how we can work together on some of the key economic issues New Zealand is facing.

#### *What to expect from this meeting*

- I expect the Council to join us in taking the lead on some of the important areas of reform the Government is undertaking, and feed back to me on the opportunities and emerging challenges you see from a business perspective. I hope today that we can reach agreement on priority areas for our focus.
- It will bring new ideas to the table on how we can scale up New Zealand businesses, add value to volume, and grow our export led wealth.
- The range and diversity of leaders around this table provides a rich opportunity to look across the economy and how it is delivering for the people of New Zealand. And ultimately building a more productive and sustainable economy, and inclusive and cohesive society.
- I hope today that we can reach agreement on priority areas for our focus, with an opportunity for more in-depth discussion on some of those areas.

### **Agenda item 2: Business Advisory Council overview**

#### *Terms of Reference*

2. The terms of reference are attached.

#### *Relationship with other business advisory bodies*

3. I expect the work of this Council to complement both the work of the Small Business Council, and the work of business and union representatives through the Future of Work Tripartite Forum.
4. The work of this Council will focus on macro-level economic strategy, taking a helicopter and long-term strategic view of the future of our economy.
5. Together, the leadership, energy and commitment around this table will complement the work currently underway with other businesses and unions. This will accelerate the momentum of change, and our work to build our future economy.

*Recommended frequency of meetings, and agreed approach to media and public forums is outlined in the terms of reference*

### **Agenda item 3: Business Advisory Council Workplan**

6. The council has suggested the following five priorities for focus:
  - Building tomorrow's skills
  - Unlocking innovation and capital
  - Accelerating our regions
  - Unleashing our SMEs
  - Securing our food and water

7. Following the meeting, we think it would be desirable to announce the workplan and the five priorities. In consultation with the BAC, we have prepared a draft workplan for release (at annex three). This outlines some of the challenges and opportunities that these priority areas would look to address.
8. Discussion on the day will focus on three of these priorities – skills, regions and capital investment.
9. **You might like to suggest that the BAC also consider the role that business can play in social policy, such as philanthropic ventures like supporting food in schools.**
10. Future meetings will provide an opportunity for more in-depth discussion on the other priority areas.

***Focused discussion: “building tomorrow’s skills” (1/2 hour)***

11. How we work, and the work we do, is evolving alongside technological change and market disruption. New Zealand needs the right skills and capabilities to meet the transforming economy. Business has a critical role to play in helping New Zealand operationalise for future skills and the BAC can help drive the conversation about training for the future.
12. The BAC has suggested that business could consider committing to a pledge to corporate re-skilling. This would be a commitment to provide on-the-job training, apprenticeships and re-skilling workers for the jobs of the future. This would be a practical demonstration of business commitment to ensure New Zealand workers are supported as the nature of work changes.

*Government would welcome such a commitment*

13. The Council also wishes to consider how to better leverage existing skills policies to ensure they are delivering the skills for the future economy, particularly fees free and micro-credential policies.
  - Fees free policy
    - The Government has made improvements to how Fees Free policy for 2019.
    - The most significant policy change takes on board feedback from employers and Industry Training Organisations. It removes a disincentive for Fees Free learners to start short industry training programmes.
    - From 1 January 2019, any credits achieved as part of an industry training programme that consists of fewer than 120 credits, and that are reported after 1 January 2018, will be excluded from measures of prior study when determining people’s eligibility for Fees Free support.
    - This change means that Fees Free eligible learners will no longer be discouraged from undertaking shorter industry training programmes due to uncertainty about how it might affect future Fees Free eligibility.
  - Micro-credentials system
    - In August 2018, New Zealand introduced a new micro-credentials system, to enable learners to update their skills more quickly for their current jobs and for multiple careers over their lifetime.
    - Micro-credentials are new stand-alone education products giving learners access to specific knowledge and skills. They are smaller than qualifications, with a tight

focus on developing skills to meet the immediate needs of industry, employers, iwi and/or community.

- Micro-credentials will give industry an opportunity to work with Tertiary Education Providers and Industry Training Organisations to bring emergent skills to market quickly, so employers can access employees with the expertise they need and so that learners can continue updating their competencies.

*Note that background information on Government's work on these two areas will be distributed to BAC members in advance of the meeting.*

14. The BAC would also like to discuss how tertiary institutions will build tomorrow's skills practically, learning from best practice models overseas.
15. One idea they may raise is the concept of a "University of the Future", similar to Edinburgh Futures Institute – a new model for how tertiary education is delivered, particularly focusing on the skill needs of the future. Information on this model is at annex five.

*If raised, you might like to note that you would like to bring your Minister of Education in to any discussion on the future of tertiary education.*

**Focused discussion: "unlocking innovation and capital" (1/2 hour)**

16. The role of capital investment and capital markets is important to business. The BAC is interested in a discussion on how to attract high quality investment, how to utilise our existing capital funds, and how we invest to lift our innovation potential.
17. Specifically, they wish to consider how to maximise the impact of the Government's R&D tax incentive, and the role business plays in lifting New Zealand's innovation potential.
  - The Government has recently announced an R&D tax incentive with a credit rate of 15%. This compares favourably to other international R&D tax incentives, and has been well received by business.

*Government would welcome a discussion on how business support SMEs and others realise the opportunities provided by the R&D tax incentive.*

*Background information on the Government's R&D tax incentive will be distributed to the BAC members in advance of the meeting.*

18. They would also like to discuss how capital held in the New Zealand Superannuation Fund might be invested to support New Zealand's economic potential.
  - The Government is starting a review of the New Zealand Superannuation Fund. However the scope of this review is technical in nature. The broader role the New Zealand Superannuation Fund plays in the economy has been raised as part of the consideration of the review. This would continue that discussion.

*Government can consider the role of the New Zealand Superannuation Fund in driving the economic strategy and lifting productive investment.*

19. Issues that may be raised for discussion include:
  - Potential for establishing a public-private "Agritech Fund" to nurture and unleash the emergent potential of New Zealand's agritech sector.

*Government would be interested in having a discussion on the potential for such fund.*

***Focused discussion: “accelerating our regions” (1/2 hour)***

20. The BAC has indicated that it would like to consider a concept of a “high-street commitment” to the regions.

- This is similar to the Warehouse’s regional ‘community centre’ format. A central hub with multiple businesses with a shared shopfront. It is a business version of “Government Link” centres.

*Government would be keen to work with business on such a concept.*

- The idea for a public-private “Agritech Fund” (noted above) would also contribute to accelerating New Zealand’s regions.

*Government would be interested in having a discussion on the potential for such fund.*

21. You might also like to reference the work underway as part of the Government’s Provincial Growth Fund, particularly focusing on the “surge” regions: Northland, Bay of Plenty, East Coast, Hawkes Bay, Manawatu and West Coast.

*Background information on Government’s Provincial Growth Fund will be distributed to BAC members in advance of the meeting. This is for their background only.*

## **Annexes**

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Annex one: Profile of members of the Business Advisory Council

Annex two: Terms of Reference

Annex three: Agenda

Annex four: Business Advisory Council Workplan

Annex five: Edinburgh Futures Institute

**Annex one: Profile of members of the Business Advisory Council**

PROACTIVELY RELEASED



## Prime Minister's Business Advisory Council – Biographies

### Christopher Luxon – Chief Executive Officer, Air New Zealand



Christopher Luxon has been Chief Executive Officer since 2013 and under his leadership the airline has delivered record profits, all time high customer satisfaction scores and achieved its highest levels of staff engagement. Alongside this Air New Zealand has won numerous accolades, including several celebrating it as the best airline in the world and others recognising its commitment to key areas such as sustainability, innovation, corporate reputation, employee engagement and customer experience.

Air New Zealand operates a global network that provides air passenger services and cargo transport services to, from, and within New Zealand to more than 17 million passengers a year. Its strategic focus and competitive advantage are within the Pacific Rim. The company's network expands from New Zealand to Australia, the Pacific Islands, Asia, North America, South America, and the United Kingdom.

Prior to joining Air New Zealand, Christopher was President and Chief Executive Officer at Unilever Canada. This was one of several senior leadership roles he held during an 18-year career at the multi-national that saw him work in roles in Europe, North America and Asia/Pacific. Christopher has a Master of Commerce in Business Administration from the University of Canterbury.

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### Jocelyn O'Donnell – Director, HW Richardson Group



Joc is a Director of HW Richardson Group based in Invercargill with operations throughout New Zealand and Australia. The group is one of the country's largest family-owned private businesses and employs more than 2500 people in the concrete, petroleum, transport, contracting, quarrying and environmental sectors.

Joc took on a governance role in the business in 2005 after the sudden death of her father Bill Richardson. She cares deeply about the family business and has strong emphasis on ensuring its longstanding values remain across all its companies. This focus has helped provide stability through challenging times and allowed the business to keep contributing to the heartland of New Zealand's productive economy.

In 2013 Joc turned her mind to Bill's other passion and decided to open his private transport collection to the public. She spearheaded the development of the world-class museum Bill Richardson Transport World in Invercargill and it opened in 2015. Just a year later, Joc launched a second world-class transport museum in the city, Classic Motorcycle Mecca.

With a vision to further encourage regional development, Joc and her husband Scott went on to establish a tourism hub under the banner of Transport World. In addition to the museums, the hub now includes New Zealand's only heavy equipment playground Dig This Invercargill, boutique accommodation The Lodges at Transport World and a rental car and touring company Route 6 Prestige Rentals. Outside of her work with HW Richardson Group and Transport World, Joc was also part of the original Southland Regional Development Strategy team and chaired its Vibrant Urban Centres initiative for 12 months. Joc and Scott live in Invercargill and have three children.

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## Peter Beck – Founder and Chief Executive Officer, Rocket Lab



Peter Beck is the founder and chief executive of Rocket Lab, the orbital rocket launch company opening access to space for small satellites. Since founding the business in 2006, Peter has grown Rocket Lab from a small start-up to a globally recognised leader in space. Rocket Lab is now a billion-dollar company employing hundreds of world-class engineers and technicians in New Zealand and the United States.

Under Peter's guidance, the Rocket Lab team has developed the Electron rocket - the world's first fully carbon-composite launch vehicle, powered by 3D printed, electric turbo pump-fed rocket engines. Peter also oversaw the development of the world's first and only private orbital launch range, located on New Zealand's Māhia Peninsula. Peter played a crucial role in establishing international treaties and legislation to enable orbital launch capability from New Zealand. The success of Rocket Lab has catalysed the development of a growing space-related technology industry in New Zealand.

Peter is committed to growing the business and investment community in New Zealand. His mission is to encourage and empower New Zealand entrepreneurs to think globally and build market leading billion-dollar businesses. He serves on the board of New Zealand agri-tech firm Halter and provides mentorship to New Zealand entrepreneurs seeking global investment and business growth opportunities. Peter's commitment to entrepreneurship and innovation has seen him recognised nationally as Innovator of the Year at the New Zealander of the Year awards, New Zealand EY Entrepreneur of the Year and a Sir Peter Blake Leader.

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## Rachel Taulelei – Chief Executive Officer, Kono



Rachel (Ngāti Raukawa ki te Tonga, Ngāti Rarua) is an award-winning entrepreneur and business woman who has demonstrated a strong commitment to sustainability, and support for the establishment and growth of other people and companies.

As founder and CEO of Yellow Brick Road Ltd, Rachel was described as having led change in the New Zealand fishing industry, developing an innovative, provenance-based supply of responsibly caught fresh premium seafood to hundreds of establishments across the country. She has taken this demonstrable commitment to kaitiakitanga into her current role as CEO of Kono.

Kono is a Māori-owned, top 100 New Zealand food and drinks company employing over 450 staff, farming over 530 hectares of land and sea, and exporting to over 25 countries. Kono's brands include Tohu and Aronui wines, Kono mussels, Annie's fruit bars, and Tutū cider. Kono is an associated business of Wakatū Incorporation. Based in Nelson, Wakatū has approximately 4,000 shareholders who descend from the original Māori land owners of the Nelson, Tasman and Golden Bay Regions – Te Tau Ihu, the top of the South Island. With an infectious passion for the primary sector, throughout her career Rachel has created values-based business models focused on the sustainability of the country's resources - this is the hallmark of her leadership.

Rachel's directorships include Moana NZ, Wellington Regional Stadium Trust, Aquaculture NZ, NZ Wine Growers, NZ Mussel Industry Council, Young Enterprise Trust, and Queen Margaret College. Rachel was formerly NZ Trade Commissioner in Los Angeles, in 2012 received a Sir Peter Blake Leadership award, in 2015 was honoured by becoming a Member of the New Zealand Order of Merit: For services to the food and hospitality industry, and in 2018 was named Aotearoa Maori Business Woman Leader.

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## **Anna Curzon – Chief Product and Partner Officer, Xero**



Leading the Partner and Product teams globally, Anna spearheads product management, development, design, and product marketing to bring more exciting Xero features to partners and small business customers. Anna also heads our global teams working on Xero HQ and our Ecosystem, including the Xero app marketplace, where 600+ apps live to better serve small businesses.

This year, Anna was delighted to become a Board Member of Kea, whose mission is to enable New Zealand's borderless nation to connect with one another and with home to find global opportunities.

Before starting with Xero as Managing Director for New Zealand, Anna led Internet Banking, Contact Centre, Marketing and Innovation at ASB, and Digital First at Spark. She brings a deep experience of online financial services, product innovation and operations to Xero.

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## **Bailey Mackey – Chief Executive Officer, Pango Productions (Ngāti Porou, Rongowhakaata, Tuhoe)**



Bailey Mackey is founder and CEO of Pango Productions Ltd. Pango creates content for local and international audiences across different platforms including Amazon, Netflix and National Geographic and has distribution deals with some of the biggest media companies in the world such as Fremantle and A+E.

Born and bred on the East Coast of the North Island and a fluent speaker of Maori, he uses his body of work to positively influence the way the world perceives Māori people and culture.

An award-winning producer, writer, and director, his list of recent accolades includes Idealog's 2017 Most Creative in Film and TV, and the University of Auckland's inaugural 2017 Māori Entrepreneur of the Year. He currently sits on the New Zealand Trade & Enterprise 2020 Dubai World Expo steering group and is president of Ngati Porou East Coast rugby.

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## **Barbara Chapman – Chairman and Independent Director**



Barbara Chapman is the Chairman of Genesis Energy and an Independent Director of The New Zealand Initiative, Fletcher Building, New Zealand Media and Entertainment (NZME) and IAG New Zealand. She is also a member of the independent expert advisory panel for the Reserve Bank Act review.

Ms Chapman previously served as the Chief Executive Officer and Managing Director of ASB Bank for seven years, and has held a number of senior executive roles responsible for marketing, communications, human resources, life insurance and retail banking in New Zealand and Australia. She is a former Chair of Oxfam New Zealand and a former member of the Board of Supervisors for Oxfam International, and was an inaugural Trustee and subsequently the Chair of the New Zealand Equal Employment Opportunities Trust for many years. In 2017 Ms Chapman was named The New Zealand Herald's Business Leader of the Year and in 2018 was named as the inaugural INFINZ Diversity and Inclusion Leader.

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## **Gretta Stephens – Chief Executive New Zealand & Pacific Islands, BlueScope**



Ms Stephens joined BlueScope as Chief Executive New Zealand & Pacific Islands on 25 June 2018. She leads the mining, manufacturing and downstream businesses in New Zealand and the Lysaght manufacturing and distribution businesses in the Pacific Islands.

Ms Stephens joined BlueScope from New Zealand's Aluminium Smelters, a joint venture between Pacific Aluminium and Sumitomo Chemical Company, where she had been General Manager and Chief Executive since 2013. Previously, she was General Manager of Business Improvement & Technology for Pacific Aluminium's four aluminium smelters across Australia and New Zealand.

A qualified engineer, Gretta has 27 years' experience in the global aluminium industry, and has worked in aluminium smelting operations in Australia and New Zealand.

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## **Jacqui Coombes – Director New Zealand and Human Resources, Bunnings Group**



Jacqui Coombes has worked for Bunnings since 2011 and is currently the Director for New Zealand and Group Human Resources. Under Jacqui's leadership the turnover of the business doubled in the first five years coupled with a significant increase in profitability. Jacqui delivered a step change improvement in safety performance and has positioned the business as an employer of choice within the New Zealand market, including introducing industry leading wages for the Bunnings Team.

Prior to joining Bunnings, Jacqui was General Manager Operations for Spotlight with overall responsibility for New Zealand and retail store operations in Australia, Singapore and Hong Kong. Jacqui has held senior executive roles with a range of large New Zealand and International businesses including Noel Leeming, Bond and Bond, PixFoto, Woolworths, Aldi and Texaco. Jacqui is an accomplished leader with a strong commercial focus. She has earned a reputation for driving exceptional results through the development of high performance teams, and building values and people based organisational cultures.

Jacqui is a strong advocate for fostering the development of future business leaders throughout their chosen careers. As a strong role model for young female leaders, she is also a member of Global Women which brings together New Zealand's most influential leaders to promote gender equality in business.

Jacqui is a Director of the Bunnings Ltd Board and its subsidiaries. Jacqui's personal purpose statement is 'Through Tenacity Deliver Brilliance'.

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## Miles Hurrell – Chief Executive Officer, Fonterra



In August 2018, Miles Hurrell was appointed as Chief Executive Officer. In Miles' most recent position as Chief Operating Officer, Farm Source he led Fonterra's global Co-operative farming strategy which includes farmer services and engagement, milk sourcing and the chain of 70 Farm Source™ rural retail stores throughout New Zealand. Miles' 19 years of experience in the dairy industry has spanned four continents.

From 2010 to 2014, Miles was General Manager Middle East, Africa, Eastern Europe and Russia. In this position he led a period of sustained growth during a time of political unrest across these regions. He reset the African sales strategy and was a Director of Fonterra's joint venture with Africa's largest dairy company, Clover Industries Limited. From 2006 to 2008, Miles oversaw the streamlining of the Co-operative's European operations before moving to the United States to establish new off shore partnerships. In 2014, Miles was appointed the Co-operative Affairs Group Director and in 2016 he took up his role with Farm Source.

Miles has completed management programmes at INSEAD (International Executive Development), London Business School (Finance), Kellogg's North Western University (Global Sales) and IMD (marketing). He has also had governance roles with Prolesur, Falcon (China Farms), MyMilk and Global Dairy Platform.

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## David McLean – Chief Executive Officer, Westpac New Zealand Ltd



David McLean is an experienced banker who is the Chief Executive Officer, Westpac New Zealand Ltd. Prior to this, he was Managing Director of the New York branch of Westpac Group.

David joined Westpac in February 1999 to head the Debt Capital Markets group in New Zealand. He was appointed Head of Westpac Institutional Bank New Zealand in January 2004. In 2009, he was also appointed as GM for Private, Wealth and Insurance. In 2012 David was appointed Managing Director of the Westpac New York Branch. In June 2014 David returned to Westpac New Zealand Ltd to take up the role of acting Chief Executive Officer. On 2nd February 2015 David was appointed the permanent role of Chief Executive Officer, Westpac New Zealand Ltd. In April 2017 David was appointed Chair of New Zealand Bankers' Association.

Before joining Westpac, David worked as a lawyer in private practice and as in-house counsel for Natwest, before joining the Capital Markets Group of Southpac/National Bank in 1988. Joining Deutsche Morgan Grenfell in 1994, David was responsible for starting and developing a new debt capital markets origination business. He also established the NZ branch of Deutsche Bank and was New Zealand Resident Branch Manager.

David has a LLB (Hons) from Victoria University of Wellington and is a Barrister & Solicitor of the High Court of New Zealand.

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## Fraser Whineray – Chief Executive Officer, Mercury NZ Ltd



Manawatu-raised Fraser Whineray is currently the Chief Executive of Mercury NZ Ltd, where he has worked for ten years.

His background covers the dairy, forestry, investment banking and energy sectors both in New Zealand and overseas, in a combination of executive and governance roles.

Fraser is a keen advocate for astute long-term decisions that leverage New Zealand's competitive advantages, including enhancing the country's energy security and long-term water quality. Fraser is married to Lucy, a mother and Disputes Tribunal Referee.

They live in Northcote, Auckland and they have two daughters.

Fraser's qualifications are in chemical engineering (Canterbury), dairy science (Massey) and business (Cambridge University).

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## Andrew Grant – Senior Partner, McKinsey & Company



Andrew Grant leads McKinsey & Company's Global Public Sector Practice. He has been a member of McKinsey's Global Board for 12 years and is currently Chairman of the Firm's Knowledge and Capability Committee. Prior to his current role, Andrew was Managing Director for Greater China from 2005-2009, based in Shanghai, and he led McKinsey and Company in New Zealand from 1997-2004. He was based in Tokyo, London, Santiago and Sydney prior to this.

In his 25 years with the Firm, Andrew has advised clients in a broad range of industries and geographies—including basic materials and agribusiness, consumer goods and the public sector. His professional focus is currently on helping governments and leading public sector institutions solve their most pressing strategic challenges.

Prior to joining McKinsey in 1992, Andrew was a structural engineer, specializing in earthquake engineering. He won a Rhodes Scholarship to Oxford University, where he gained a Bachelor of Politics, Philosophy and Economics with first class honours. He also holds a Bachelor of Civil Engineering degree with first class honours from Auckland University in New Zealand. He is married and has five children.

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## **Annex Two: Terms of Reference**

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### **The Business Advisory Council's purpose**

The Coalition Government is committed to building a productive, sustainable and inclusive economy, improving the wellbeing of New Zealanders. It recognises that the business community are important partners in this challenge.

The purpose of the Council is to:

- provide high-level free and frank advice to the Prime Minister on policies that directly affect business
- harness the expertise of the private sector to inform government policy, and
- build closer relationships between government and business.

The Council is expected to meet three times a year with the Prime Minister and her representatives.

In addition to being a source of advice, the Council will also provide a forum through which the business community can co-ordinate leadership and action on some of the most important issues facing New Zealand.

The Prime Minister and the Council will work together to develop a work programme for the Council. The work programme will include specific assignments or investigations, and Council members will be encouraged to reach out to their peers in the domestic and international business community to assist in preparing advice.

In setting the work programme, the focus will be on identifying opportunities and challenges:

- that will help grow the economy and lift productivity and living standards
- that Kiwis care about, and where change will make a difference to their daily lives
- where real common ground can be found between business and government
- that are at the core of NZ's long-term prosperity and social, environmental and economic sustainability
- where business has a credible voice and can offer significant insight

The Council's work programme will complement the work the Government is already doing with the Small Business Council, and business and union representative groups through the Tripartite Forum. It will do this by focusing on macro level economic strategy, and providing active leadership on the Government's economic agenda.

### **Membership**

The Council will consist of up to 15 diverse leaders representing New Zealand businesses of different sizes, sectors and geographic locations, with the aim of bringing together a group that understands the challenges facing business across the whole economy. The Prime Minister and the Chair, working together, will identify potential members to participate.

Members are appointed for their ability to think strategically about the economic and business environment, and as such are expected to take a broad view beyond their specific sector interests.

## **Conditions of appointment**

Appointments to the Council will be made by the Prime Minister for a term of two years. The Chair and members can be added or removed at the discretion of the Prime Minister. A member may resign from the group by informing the Prime Minister and Chair in writing.

The positions are not remunerated, with Council members expected to meet the costs of their own time.

The Terms of Reference may be reviewed periodically by the Prime Minister in consultation with the Chair and the Council.

### *Media and public forums*

The Chair will speak on behalf of the Council for any official communication, unless agreed otherwise by the Chair and advised to the Prime Minister's office (PMO). The Chair will ensure that the Prime Minister is advised ahead of any official communications.

Members will likely participate in various business and community forums, and may be asked in such situations to make informal comment about the work of the Council. When speaking about the Council, members are expected to limit their comments to information already in the public domain, or to any agreed key messages. Unless undertaking an official communication, members must refrain from representing the Council's views, or being perceived as doing so.

It is recognised that Council members will hold other roles, and may make public statements freely, including about Government policy, in those capacities.

### *Confidentiality and information*

Council members should assume that all information presented to the group, whether written or in oral form, is confidential and may not be made public, unless otherwise advised.

If there is a desire to share information broadly, for example, to support Council members in reaching out to their peers in the domestic and international business community to assist in preparing advice, the Chair (with the support of the Secretariat) will seek agreement from those who supplied the information.

The Council is subject to the Official Information Act and Public Records Act (along with other legislation). Decisions on the release of information under the Official Information Act will be made by the secretariat in consultation with the Chair and Office of the Prime Minister.

## **Expectations of the Chair and Secretariat**

The Chair is responsible (with assistance from the secretariat) for convening the Council, organising the agenda, and ensuring the smooth and effective operation of the Council.

The Chair will be responsible for ensuring appropriate management of specific conflicts of interest that may arise for members in relation to the work or recommendations of the Council. This expectation applies where the conflict of interest goes beyond the inherent conflict that exists for each member in providing advice on the business environment, in which they each have a personal interest.

Support for the Council's operations will be provided primarily by the Ministry of Business, Innovation and Employment (MBIE). This support will include general meeting and secretarial support, and some limited support for research and report writing. The Chief Executives of MBIE and the Department of Prime Minister and Cabinet will be key contacts for the Chair and may attend Council meetings as observers. They



will help to ensure that the Council has appropriate access to information and support from across the broader public sector, adequate support from the secretariat, and act as a key link between the Council, public sector and Ministers.

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## Annex three: Agenda

DRAFT V2 – as at Friday 2 Nov 2018

### Prime Minister's Business Advisory Council meeting

Thursday 8 November 2018

Auckland Policy Office, 45 Queen St

**Ministers:** Rt Hon Jacinda Ardern, Prime Minister, Hon Grant Robertson, Minister of Finance, Hon David Parker, Minister of Economic Development

**Business Advisory Council:** Christopher Luxon (Chair – Chief Executive Officer, Air New Zealand), Andrew Grant (Senior Partner, McKinsey & Company), Anna Curzon (Chief Product and Partner Officer, Xero), Bailey Mackey (Chief Executive Officer, Pango Productions), Barbara Chapman (Chair and Independent Director), David McLean (Chief Executive Officer, Westpac New Zealand Ltd), Fraser Whineray (Chief Executive Officer, Mercury NZ Ltd), Gretta Stephens (Chief Executive New Zealand & Pacific Islands, BlueScope), Jacqui Coombes (Director for New Zealand and Human Resources, Bunnings Group), Jocelyn O'Donnell (Director, HW Richardson Group), Miles Hurrell (Chief Executive Officer, Fonterra), Peter Beck (Chief Executive Officer, Rocket Lab), Rachel Taulelei (Chief Executive Officer, Kono)

**Officials:** Andrew Kibblewhite, Chief Executive, Department of Prime Minister and Cabinet, Carolyn Tremain, Chief Executive, Ministry of Business, Innovation and Employment, Paul Stocks, Deputy Chief Executive, Ministry of Business, Innovation and Employment

**Apologies:** [BAC apologies]

#### AGENDA

- |        |                                                                                                                                                                                                                                                                                                                              |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.45am | Arrival & refreshments                                                                                                                                                                                                                                                                                                       |
| 8.15am | Welcome, housekeeping & introductions <ul style="list-style-type: none"><li>- What to expect from this meeting</li><li>- Media &amp; announcements today (TBC)</li></ul>                                                                                                                                                     |
| 8.20am | BAC overview (PM and CML): <ul style="list-style-type: none"><li>- PM overview and expectations</li><li>- Terms of Reference</li><li>- Relationship with Small Business Council, Future of Work, and the Tripartite Forum</li><li>- Media &amp; the OIA</li><li>- Meeting frequency and format</li><li>- Questions</li></ul> |
| 8.30am | BAC feedback on Govt business agenda                                                                                                                                                                                                                                                                                         |
| 8.45am | BAC workplan – x3 priority areas (BAC & Ministerial discussion)                                                                                                                                                                                                                                                              |

## 1. Building Tomorrow's Skills (30min)

Key discussion areas

- How can business practically demonstrate their commitment to ensuring workers in New Zealand are supported to gain new skills and transition into new jobs as the nature of work changes?
- How can business support the operationalising of micro-crediting and the fees-free policy?
- How can our tertiary institutions support this in the practical way, learning from best practice models overseas?

## 2. Unlocking Innovation and Capital

Key discussion areas

- How can business support SMEs and others within the business community realise the opportunities provided by R&D tax credits?
- How can New Zealand grow its base of investment capital and ensure Kiwi firms realise their potential?
- How can NZ attract quality foreign investment in a seamless way?
- Could the New Zealand Super Fund play a more prominent role in investing in NZ infrastructure projects and businesses?

## 3. Accelerating the Regions

Key discussion areas

- What can business do to enhance services in rural and provincial towns?
- How can Government and Business work together to unleash the potential of New Zealand's Agritech industry?
- How Govt and business can work together to solve regional skills shortages

1000am	Break
1015am	BAC Workplan - continued
1045am	Wrap up
	<ul style="list-style-type: none"><li>- Next steps</li><li>- Workplan until 2<sup>nd</sup> BAC meeting in 2019</li></ul>
1115am	Close
	<ul style="list-style-type: none"><li>- Next meeting date</li><li>- Group photo tbc</li></ul>
1130am	MEETING ENDS
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1145am	Media stand up (PM & CML)
12pm	All depart.

## **Annex four: Business Advisory Council Workplan**

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# **Prime Minister's Business Advisory Council Workplan**

The Prime Minister's Business Advisory Council (BAC) will focus on five priority areas, each representing significant challenges and opportunities to the future prosperity of New Zealand, and where business can add a credible voice:

1. Building Tomorrow's Skills
2. Unlocking Innovation and Capital
3. Accelerating our Regions
4. Unleashing our SMEs
5. Securing our food and water

Initially, the BAC will focus on priorities 1), 2), and 3). These will form the basis of the agenda at the first BAC meeting on November 8.

### **1. Building Tomorrow's Skills (30min)**

- How can business practically demonstrate their commitment to ensuring workers in New Zealand are supported to gain new skills and transition into new jobs as the nature of work changes? [THE PLEDGE]
- How can business support the operationalising of micro-crediting and the fees-free policy?
- How can our tertiary institutions support this in the practical way, learning from best practice models overseas? [UNITEC]

### **2. Attracting High Quality Investment**

- How can business support SMEs and others within the business community realise the opportunities provided by R&D tax credits?
- How can New Zealand grow its base of investment capital and ensure Kiwi firms realise their potential?
- How can NZ attract quality foreign investment in a seamless way?
- Could the New Zealand Super Fund play a more prominent role in investing in NZ infrastructure projects and businesses?

### **3. Unlocking Innovation and Capital**

- What can business do to enhance services in rural and provincial towns?
- How can Government and Business work together to unleash the potential of New Zealand's Agritech industry?
- How Govt and business can work together to solve regional skills shortages

## Annex five: The University of Edinburgh – Edinburgh Futures Institute



### **Why this institute?**

The world is always changing. However, many signs suggest that we are entering into a new era. Old certainties in societies, democracies and the economy are being disrupted.

Inequality is rising. Mass displacement of people is at its highest level in decades. The rise of artificial intelligence and big data both threatens job security and promises huge opportunities. The climate is changing. No one is immune.

These challenges stretch across the traditional boundaries of national borders, institutional walls and areas of expertise. We need a response that does likewise. The Edinburgh Futures Institute is our answer.

### **How will it work?**

The Institute will spark new connections, internally and externally, to bring together people and organisations from across the University and beyond.

It will be where our world-class interdisciplinary expertise in social and data science, the arts, and humanities meets the external organisations that are tackling society's most pressing needs.

We are seeking partners from all sectors to engage with our leading academics and outstanding students, to co-create tools for the common good, and to incubate major projects.



Through teaching, research and engagement, a key part of our mission is to interrogate how data creates disorder and opportunities within the economy, creative industries and policy.

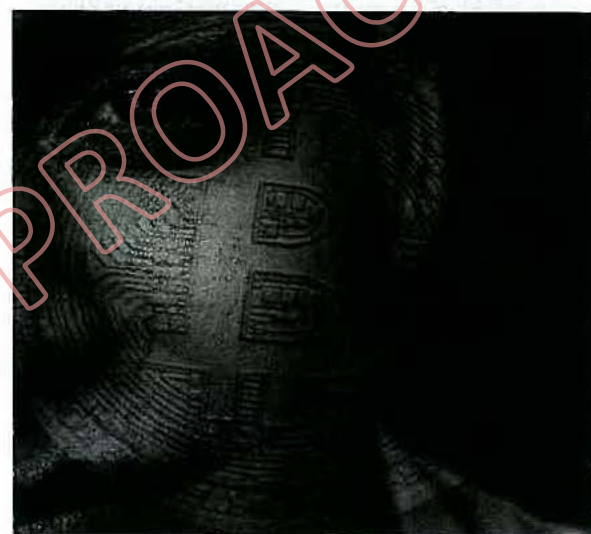
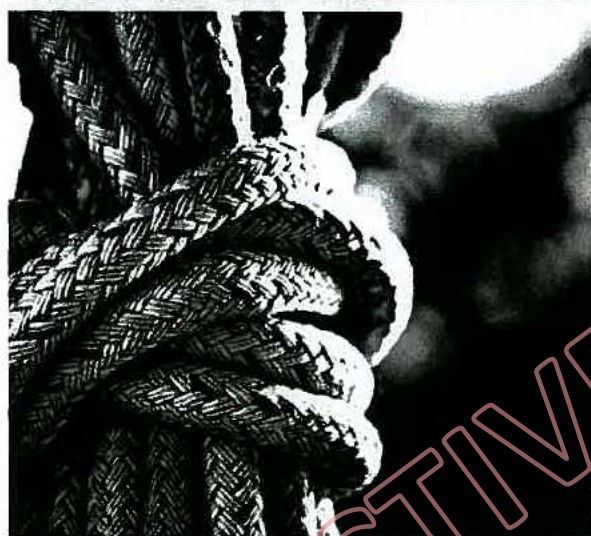
Only Edinburgh – as a University and a city – can do this. It is home to a major international financial centre and the world's biggest arts festival. It is a global leader in public policy expertise and is the UK's foremost centre for data science and artificial intelligence.

#### **What will we do?**

We will assemble experts who can tackle issues from different and unconventional perspectives, gathering many hands to untangle the world's knottiest problems.

How can economics tackle climate change? Can designers lessen the refugee crisis? What can sociology do to ensure artificial intelligence works for the common good? Can divinity collaborate with management to build a more ethical world? Our academics will share ideas and embark upon joint projects with unparalleled depth and ease. We will develop new research and co-designed teaching programmes that will respond to the world's most pressing issues.

We will create graduates that are creative, reasoned and thoughtful citizens with the ability to operate amid disruption, difference and volatility. They will not be bound by seeing the world through a single perspective, but will understand how different institutions work and intersect. Upon launch, the Futures Institute will be a network across the University. In 2021 it will move into its permanent home at the heart of the University in the refurbished Old Royal Infirmary



# Prime Minister's Business Advisory Council

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## Material for meeting of Prime Minister's Business Advisory Council

**8 November 2018**

1. Agenda
2. Profile of Business Advisory Council Members
3. Terms of Reference
4. Proposed Business Advisory Council Workplan
5. Background information:
  - a. Our Plan – The Government's Priorities for New Zealand
  - b. Business Partnership Agenda
  - c. R&D Tax Incentive Policy
  - d. Provincial Growth Fund and "Surge" Regions
  - e. Micro-credentials Policy
  - f. Fees free policy
  - g. The future of work

## Prime Minister's Business Advisory Council meeting

Thursday 8 November 2018

Auckland Policy Office, 45 Queen St

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**Ministers:** Rt Hon Jacinda Ardern, Prime Minister, Hon Grant Robertson, Minister of Finance, Hon Dr Megan Woods, Minister of Research, Science and Innovation, Hon David Parker, Minister of Economic Development

**Business Advisory Council:** Christopher Luxon (Chair – Chief Executive Officer, Air New Zealand), Andrew Grant (Senior Partner, McKinsey & Company), Anna Curzon (Chief Product and Partner Officer, Xero), Bailey Mackey (Chief Executive Officer, Pango Productions), Barbara Chapman (Chair and Independent Director), David McLean (Chief Executive Officer, Westpac New Zealand Ltd), Fraser Whineray (Chief Executive Officer, Mercury NZ Ltd), Gretta Stephens (Chief Executive New Zealand & Pacific Islands, BlueScope), Jacqui Coombes (Director for New Zealand and Human Resources, Bunnings Group), Jocelyn O'Donnell (Director, HW Richardson Group), Miles Hurrell (Chief Executive Officer, Fonterra), Peter Beck (Chief Executive Officer, Rocket Lab), Rachel Taulelei (Chief Executive Officer, Kono)

**Officials:** Andrew Kibblewhite, Chief Executive, Department of Prime Minister and Cabinet, Carolyn Tremain, Chief Executive, Ministry of Business, Innovation and Employment, Paul Stocks, Deputy Chief Executive, Ministry of Business, Innovation and Employment

**Apologies:** Rachel Taulelei (Chief Executive Officer, Kono), Retta Stephens (Chief Executive New Zealand & Pacific Island, BlueScope), Miles Hurrell (Chief Executive Officer, Fonterra)



PROACTIVELY RELEASED

## Prime Minister's Business Advisory Council – Biographies

### Christopher Luxon – Chief Executive Officer, Air New Zealand



Christopher Luxon has been Chief Executive Officer since 2013 and under his leadership the airline has delivered record profits, all time high customer satisfaction scores and achieved its highest levels of staff engagement. Alongside this Air New Zealand has won numerous accolades, including several celebrating it as the best airline in the world and others recognising its commitment to key areas such as sustainability, innovation, corporate reputation, employee engagement and customer experience.

Air New Zealand operates a global network that provides air passenger services and cargo transport services to, from, and within New Zealand to more than 17 million passengers a year. Its strategic focus and competitive advantage are within the Pacific Rim. The company's network expands from New Zealand to Australia, the Pacific Islands, Asia, North America, South America, and the United Kingdom.

Prior to joining Air New Zealand, Christopher was President and Chief Executive Officer at Unilever Canada. This was one of several senior leadership roles he held during an 18-year career at the multi-national that saw him work in roles in Europe, North America and Asia/Pacific. Christopher has a Master of Commerce in Business Administration from the University of Canterbury.

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### Jocelyn O'Donnell – Director, HW Richardson Group



Joc is a Director of HW Richardson Group based in Invercargill with operations throughout New Zealand and Australia. The group is one of the country's largest family-owned private businesses and employs more than 2500 people in the concrete, petroleum, transport, contracting, quarrying and environmental sectors.

Joc took on a governance role in the business in 2005 after the sudden death of her father Bill Richardson. She cares deeply about the family business and has strong emphasis on ensuring its longstanding values remain across all its companies. This focus has helped provide stability through challenging times and allowed the business to keep contributing to the heartland of New Zealand's productive economy.

In 2013 Joc turned her mind to Bill's other passion and decided to open his private transport collection to the public. She spearheaded the development of the world-class museum Bill Richardson Transport World in Invercargill and it opened in 2015. Just a year later, Joc launched a second world-class transport museum in the city, Classic Motorcycle Mecca.

With a vision to further encourage regional development, Joc and her husband Scott went on to establish a tourism hub under the banner of Transport World. In addition to the museums, the hub now includes New Zealand's only heavy equipment playground Dig This Invercargill, boutique accommodation The Lodges at Transport World and a rental car and touring company Route 6 Prestige Rentals. Outside of her work with HW Richardson Group and Transport World, Joc was also part of the original Southland Regional Development Strategy team and chaired its Vibrant Urban Centres initiative for 12 months. Joc and Scott live in Invercargill and have three children.

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## Peter Beck – Founder and Chief Executive Officer, Rocket Lab



Peter Beck is the founder and chief executive of Rocket Lab, the orbital rocket launch company opening access to space for small satellites. Since founding the business in 2006, Peter has grown Rocket Lab from a small start-up to a globally recognised leader in space. Rocket Lab is now a billion-dollar company employing hundreds of world-class engineers and technicians in New Zealand and the United States.

Under Peter's guidance, the Rocket Lab team has developed the Electron rocket - the world's first fully carbon-composite launch vehicle, powered by 3D printed, electric turbo pump-fed rocket engines. Peter also oversaw the development of the world's first and only private orbital launch range, located on New Zealand's Māhia Peninsula. Peter played a crucial role in establishing international treaties and legislation to enable orbital launch capability from New Zealand. The success of Rocket Lab has catalysed the development of a growing space-related technology industry in New Zealand.

Peter is committed to growing the business and investment community in New Zealand. His mission is to encourage and empower New Zealand entrepreneurs to think globally and build market leading billion-dollar businesses. He serves on the board of New Zealand agri-tech firm Halter and provides mentorship to New Zealand entrepreneurs seeking global investment and business growth opportunities. Peter's commitment to entrepreneurship and innovation has seen him recognised nationally as Innovator of the Year at the New Zealander of the Year awards, New Zealand EY Entrepreneur of the Year and a Sir Peter Blake Leader.

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## Rachel Taulelei – Chief Executive Officer, Kono



Rachel (Ngāti Raukawa ki te Tonga, Ngāti Rarua) is an award-winning entrepreneur and business woman who has demonstrated a strong commitment to sustainability, and support for the establishment and growth of other people and companies.

As founder and CEO of Yellow Brick Road Ltd, Rachel was described as having led change in the New Zealand fishing industry, developing an innovative, provenance-based supply of responsibly caught fresh premium seafood to hundreds of establishments across the country. She has taken this demonstrable commitment to kaitiakitanga into her current role as CEO of Kono.

Kono is a Māori-owned, top 100 New Zealand food and drinks company employing over 450 staff, farming over 530 hectares of land and sea, and exporting to over 25 countries. Kono's brands include Tohu and Aronui wines, Kono mussels, Annes fruit bars, and Tutū cider. Kono is an associated business of Wakatū Incorporation. Based in Nelson, Wakatū has approximately 4,000 shareholders who descend from the original Māori land owners of the Nelson, Tasman and Golden Bay Regions – Te Tau Ihu, the top of the South Island. With an infectious passion for the primary sector, throughout her career Rachel has created values-based business models focused on the sustainability of the country's resources - this is the hallmark of her leadership.

Rachel's directorships include Moana NZ, Wellington Regional Stadium Trust, Aquaculture NZ, NZ Wine Growers, NZ Mussel Industry Council, Young Enterprise Trust, and Queen Margaret College. Rachel was formerly NZ Trade Commissioner in Los Angeles, in 2012 received a Sir Peter Blake Leadership award, in 2015 was honoured by becoming a Member of the New Zealand Order of Merit: For services to the food and hospitality industry, and in 2018 was named Aotearoa Maori Business Woman Leader.

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### **Anna Curzon – Chief Product and Partner Officer, Xero**



Leading the Partner and Product teams globally, Anna spearheads product management, development, design, and product marketing to bring more exciting Xero features to partners and small business customers. Anna also heads our global teams working on Xero HQ and our Ecosystem, including the Xero app marketplace, where 600+ apps live to better serve small businesses.

This year, Anna was delighted to become a Board Member of Kea, whose mission is to enable New Zealand's borderless nation to connect with one another and with home to find global opportunities.

Before starting with Xero as Managing Director for New Zealand, Anna led Internet Banking, Contact Centre, Marketing and Innovation at ASB, and Digital First at Spark. She brings a deep experience of online financial services, product innovation and operations to Xero.

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### **Bailey Mackey – Chief Executive Officer, Pango Productions (Ngāti Porou, Rongowhakaata, Tuhoe)**



Bailey Mackey is founder and CEO of Pango Productions Ltd. Pango creates content for local and international audiences across different platforms including Amazon, Netflix and National Geographic and has distribution deals with some of the biggest media companies in the world such as Fremantle and A+E.

Born and bred on the East Coast of the North Island and a fluent speaker of Maori, he uses his body of work to positively influence the way the world perceives Māori people and culture.

An award-winning producer, writer, and director, his list of recent accolades includes Idealog's 2017 Most Creative in Film and TV, and the University of Auckland's inaugural 2017 Māori Entrepreneur of the Year. He currently sits on the New Zealand Trade & Enterprise 2020 Dubai World Expo steering group and is president of Ngati Porou East Coast rugby.

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### **Barbara Chapman – Chairman and Independent Director**



Barbara Chapman is the Chairman of Genesis Energy and an Independent Director of The New Zealand Initiative, Fletcher Building, New Zealand Media and Entertainment (NZME) and IAG New Zealand. She is also a member of the independent expert advisory panel for the Reserve Bank Act review.

Ms Chapman previously served as the Chief Executive Officer and Managing Director of ASB Bank for seven years, and has held a number of senior executive roles responsible for marketing, communications, human resources, life insurance and retail banking in New Zealand and Australia. She is a former Chair of Oxfam New Zealand and a former member of the Board of Supervisors for Oxfam International, and was an inaugural Trustee and subsequently the Chair of the New Zealand Equal Employment Opportunities Trust for many years. In 2017 Ms Chapman was named The New Zealand Herald's Business Leader of the Year and in 2018 was named as the inaugural INFINZ Diversity and Inclusion Leader.

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## **Gretta Stephens – Chief Executive New Zealand & Pacific Islands, BlueScope**



Ms Stephens joined BlueScope as Chief Executive New Zealand & Pacific Islands on 25 June 2018. She leads the mining, manufacturing and downstream businesses in New Zealand and the Lysaght manufacturing and distribution businesses in the Pacific Islands.

Ms Stephens joined BlueScope from New Zealand's Aluminium Smelters, a joint venture between Pacific Aluminium and Sumitomo Chemical Company, where she had been General Manager and Chief Executive since 2013. Previously, she was General Manager of Business Improvement & Technology for Pacific Aluminium's four aluminium smelters across Australia and New Zealand.

A qualified engineer, Gretta has 27 years' experience in the global aluminium industry, and has worked in aluminium smelting operations in Australia and New Zealand.

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## **Jacqui Coombes – Director New Zealand and Human Resources, Bunnings Group**



Jacqui Coombes has worked for Bunnings since 2011 and is currently the Director for New Zealand and Group Human Resources. Under Jacqui's leadership the turnover of the business doubled in the first five years coupled with a significant increase in profitability. Jacqui delivered a step change improvement in safety performance and has positioned the business as an employer of choice within the New Zealand market, including introducing industry leading wages for the Bunnings Team.

Prior to joining Bunnings, Jacqui was General Manager Operations for Spotlight with overall responsibility for New Zealand and retail store operations in Australia, Singapore and Hong Kong. Jacqui has held senior executive roles with a range of large New Zealand and International businesses including Noel Leeming, Bond and Bond, PixFoto, Woolworths, Aldi and Texaco. Jacqui is an accomplished leader with a strong commercial focus. She has earned a reputation for driving exceptional results through the development of high performance teams, and building values and people based organisational cultures.

Jacqui is a strong advocate for fostering the development of future business leaders throughout their chosen careers. As a strong role model for young female leaders, she is also a member of Global Women which brings together New Zealand's most influential leaders to promote gender equality in business. Jacqui is a Director of the Bunnings Ltd Board and its subsidiaries. Jacqui's personal purpose statement is 'Through Tenacity Deliver Brilliance'.

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## Miles Hurrell – Chief Executive Officer, Fonterra



In August 2018, Miles Hurrell was appointed as Chief Executive Officer. In Miles' most recent position as Chief Operating Officer, Farm Source he led Fonterra's global Co-operative farming strategy which includes farmer services and engagement, milk sourcing and the chain of 70 Farm Source™ rural retail stores throughout New Zealand. Miles' 19 years of experience in the dairy industry has spanned four continents.

From 2010 to 2014, Miles was General Manager Middle East, Africa, Eastern Europe and Russia. In this position he led a period of sustained growth during a time of political unrest across these regions. He reset the African sales strategy and was a Director of Fonterra's joint venture with Africa's largest dairy company, Clover Industries Limited. From 2006 to 2008, Miles oversaw the streamlining of the Co-operative's European operations before moving to the United States to establish new off shore partnerships. In 2014, Miles was appointed the Co-operative Affairs Group Director and in 2016 he took up his role with Farm Source.

Miles has completed management programmes at INSEAD (International Executive Development), London Business School (Finance), Kellogg's North Western University (Global Sales) and IMD (marketing). He has also had governance roles with Prolesur, Falcon (China Farms), MyMilk and Global Dairy Platform.

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## David McLean – Chief Executive Officer, Westpac New Zealand Ltd



David McLean is an experienced banker who is the Chief Executive Officer, Westpac New Zealand Ltd. Prior to this, he was Managing Director of the New York branch of Westpac Group.

David joined Westpac in February 1999 to head the Debt Capital Markets group in New Zealand. He was appointed Head of Westpac Institutional Bank New Zealand in January 2004. In 2009, he was also appointed as GM for Private, Wealth and Insurance. In 2012 David was appointed Managing Director of the Westpac New York Branch. In June 2014 David returned to Westpac New Zealand Ltd to take up the role of acting Chief Executive Officer. On 2nd February 2015 David was appointed the permanent role of Chief Executive Officer, Westpac New Zealand Ltd. In April 2017 David was appointed Chair of New Zealand Bankers' Association.

Before joining Westpac, David worked as a lawyer in private practice and as in-house counsel for Natwest, before joining the Capital Markets Group of Southpac/National Bank in 1988. Joining Deutsche Morgan Grenfell in 1994, David was responsible for starting and developing a new debt capital markets origination business. He also established the NZ branch of Deutsche Bank and was New Zealand Resident Branch Manager.

David has a LLB (Hons) from Victoria University of Wellington and is a Barrister & Solicitor of the High Court of New Zealand.

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## Fraser Whineray – Chief Executive Officer, Mercury NZ Ltd



Manawatu-raised Fraser Whineray is currently the Chief Executive of Mercury NZ Ltd, where he has worked for ten years.

His background covers the dairy, forestry, investment banking and energy sectors both in New Zealand and overseas, in a combination of executive and governance roles.

Fraser is a keen advocate for astute long-term decisions that leverage New Zealand's competitive advantages, including enhancing the country's energy security and long-term water quality. Fraser is married to Lucy, a mother and Disputes Tribunal Referee.

They live in Northcote, Auckland and they have two daughters. Fraser's qualifications are in chemical engineering (Canterbury), dairy science (Massey) and business (Cambridge University).

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## Andrew Grant – Senior Partner, McKinsey & Company



Andrew Grant leads McKinsey & Company's Global Public Sector Practice. He has been a member of McKinsey's Global Board for 12 years and is currently Chairman of the Firm's Knowledge and Capability Committee. Prior to his current role, Andrew was Managing Director for Greater China from 2005-2009, based in Shanghai, and he led McKinsey and Company in New Zealand from 1997-2004. He was based in Tokyo, London, Santiago and Sydney prior to this.

In his 25 years with the Firm, Andrew has advised clients in a broad range of industries and geographies—including basic materials and agribusiness, consumer goods and the public sector. His professional focus is currently on helping governments and leading public sector institutions solve their most pressing strategic challenges.

Prior to joining McKinsey in 1992, Andrew was a structural engineer, specializing in earthquake engineering. He won a Rhodes Scholarship to Oxford University, where he gained a Bachelor of Politics, Philosophy and Economics with first class honours. He also holds a Bachelor of Civil Engineering degree with first class honours from Auckland University in New Zealand. He is married and has five children.

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## 3. Terms of Reference

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### **The Business Advisory Council's purpose**

The Coalition Government is committed to building a productive, sustainable and inclusive economy, improving the wellbeing of New Zealanders. It recognises that the business community are important partners in this challenge.

The purpose of the Council is to:

- provide high-level free and frank advice to the Prime Minister on policies that directly affect business
- harness the expertise of the private sector to inform government policy, and
- build closer relationships between government and business.

The Council is expected to meet three times a year with the Prime Minister and her representatives.

In addition to being a source of advice, the Council will also provide a forum through which the business community can co-ordinate leadership and action on some of the most important issues facing New Zealand.

The Prime Minister and the Council will work together to develop a work programme for the Council. The work programme will include specific assignments or investigations, and Council members will be encouraged to reach out to their peers in the domestic and international business community to assist in preparing advice.

In setting the work programme, the focus will be on identifying opportunities and challenges:

- that will help grow the economy and lift productivity and living standards
- that Kiwis care about, and where change will make a difference to their daily lives
- where real common ground can be found between business and government
- that are at the core of NZ's long-term prosperity and social, environmental and economic sustainability
- where business has a credible voice and can offer significant insight

The Council's work programme will complement the work the Government is already doing with the Small Business Council, and business and union representative groups through the Tripartite Forum. It will do this by focusing on macro level economic strategy, and providing active leadership on the Government's economic agenda.

### **Membership**

The Council will consist of up to 15 diverse leaders representing New Zealand businesses of different sizes, sectors and geographic locations, with the aim of bringing together a group that understands the challenges facing business across the whole economy. The Prime Minister and the Chair, working together, will identify potential members to participate.

Members are appointed for their ability to think strategically about the economic and business environment, and as such are expected to take a broad view beyond their specific sector interests.



## 3. Terms of Reference

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### **Conditions of appointment**

Appointments to the Council will be made by the Prime Minister for a term of two years. The Chair and members can be added or removed at the discretion of the Prime Minister. A member may resign from the group by informing the Prime Minister and Chair in writing.

The positions are not remunerated, with Council members expected to meet the costs of their own time.

The Terms of Reference may be reviewed periodically by the Prime Minister in consultation with the Chair and the Council.

### *Media and public forums*

The Chair will speak on behalf of the Council for any official communication, unless agreed otherwise by the Chair and advised to the Prime Minister's office (PMO). The Chair will ensure that the Prime Minister is advised ahead of any official communications.

Members will likely participate in various business and community forums, and may be asked in such situations to make informal comment about the work of the Council. When speaking about the Council, members are expected to limit their comments to information already in the public domain, or to any agreed key messages. Unless undertaking an official communication, members must refrain from representing the Council's views, or being perceived as doing so.

It is recognised that Council members will hold other roles, and may make public statements freely, including about Government policy, in those capacities.

### *Confidentiality and information*

Council members should assume that all information presented to the group, whether written or in oral form, is confidential and may not be made public, unless otherwise advised.

If there is a desire to share information broadly, for example, to support Council members in reaching out to their peers in the domestic and international business community to assist in preparing advice, the Chair (with the support of the Secretariat) will seek agreement from those who supplied the information.

The Council is subject to the Official Information Act and Public Records Act (along with other legislation). Decisions on the release of information under the Official Information Act will be made by the secretariat in consultation with the Chair and Office of the Prime Minister.

### **Expectations of the Chair and Secretariat**

The Chair is responsible (with assistance from the secretariat) for convening the Council, organising the agenda, and ensuring the smooth and effective operation of the Council.

The Chair will be responsible for ensuring appropriate management of specific conflicts of interest that may arise for members in relation to the work or recommendations of the Council. This expectation applies where the conflict of interest goes beyond the inherent conflict that exists for each member in providing advice on the business environment, in which they each have a personal interest.

### 3. Terms of Reference

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Support for the Council's operations will be provided primarily by the Ministry of Business, Innovation and Employment (MBIE). This support will include general meeting and secretarial support, and some limited support for research and report writing. The Chief Executives of MBIE and the Department of Prime Minister and Cabinet will be key contacts for the Chair and may attend Council meetings as observers. They will help to ensure that the Council has appropriate access to information and support from across the broader public sector, adequate support from the secretariat, and act as a key link between the Council, public sector and Ministers.

PROACTIVELY RELEASED

## 4. Prime Minister's Business Advisory Council – Workplan

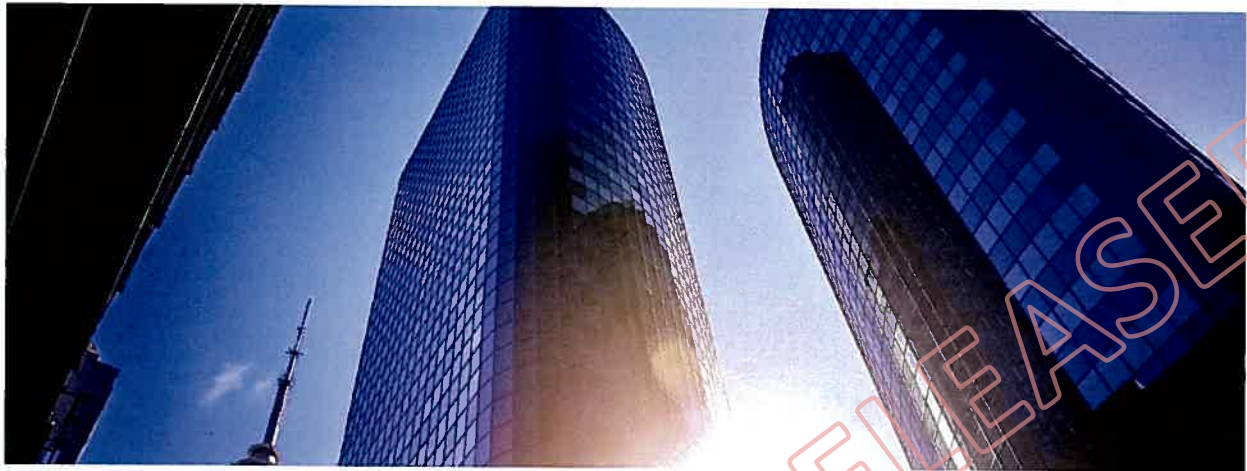
PROACTIVELY RELEASED

Background Paper 5a: Our Plan – The Government’s Priorities for  
New Zealand

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SHARE THIS

# Business Partnership Agenda

28 AUGUST 2018

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*Partnering with business to develop a productive, sustainable and inclusive economy.*

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## Introduction from Finance Minister Grant Robertson

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The Coalition Government's goal is to improve the wellbeing and living standards of all New Zealanders. Economic growth and a thriving business sector are essential means towards this end.

That is why the Government is working in partnership with business to shape a modern economy that is fit for purpose for the 21st century and beyond. This requires new thinking on how to leverage the opportunities, and face the challenges, presented by the changing nature of work, the changing global economy and issues like climate change.

It also requires a new, invigorated partnership with business.

We are working with business on the key issues they have raised with us, including skills and education, improving workplace productivity, enhanced access to export markets, and improved infrastructure.

Together, we can drive the changes necessary to support current and future generations of New Zealanders. I look forward to continuing to work with you to achieve this.

**Grant Robertson, Minister of Finance**

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## What we're doing together

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### SUPPORTING INNOVATION

**R&D tax incentive** – Budget 2018 put forward \$1 billion for an R&D tax incentive which is being designed with input from the business community. We are also developing a broader Research, Science and Innovation Strategy, and enhancing MBIE's Innovative Partnerships scheme to encourage international businesses to set up in New Zealand.

You can click here (<http://www.mbie.govt.nz/info-services/science-innovation/funding-info-opportunities/rd-tax-incentive/>) for public consultation information. Submissions closed on 1 June 2018.

For more information, you can email [RDIncentive@mbie.govt.nz](mailto:RDIncentive@mbie.govt.nz)  
(<mailto:RDIncentive@mbie.govt.nz>)

To apply for business innovation support through Callaghan Innovation, click here (<https://www.callaghaninnovation.govt.nz/>).

**Green Investment Fund** – Budget 2018 set aside \$100 million of capital for a Green Investment Fund to leverage the economic opportunities presented by the transition to a low-carbon economy. The Fund will collaborate with the private sector to co-invest in high-value, low-carbon industries and clean-tech.

You can find more information here (<https://treasury.govt.nz/information-and-services/commercial-portfolio-and-advice/green-investment-fund>), or email [GreenInvestmentFund@treasury.govt.nz](mailto:GreenInvestmentFund@treasury.govt.nz)  
(<mailto:GreenInvestmentFund@treasury.govt.nz>) to sign up for regular updates.

You can also find out more about the Reference Panel here (<https://treasury.govt.nz/publications/media-advisory/reference-panel-green-investment-fund-appointed>), and address any inquiries to [media@treasury.govt.nz](mailto:media@treasury.govt.nz) (<mailto:media@treasury.govt.nz>).

**Chief Technology Officer** - The Chief Technology Officer is responsible for working with the private sector to prepare and oversee a national digital architecture, or roadmap, for the next five to ten years. This fits with the Government's work programme on digital inclusion, investment in infrastructure and supporting businesses to take on new technologies to respond to the opportunities and challenges of our changing digital world.

## **GROWING THE VALUE OF OUR EXPORTS**

**Trade** – The Government has invested greater resources in New Zealand's ability to negotiate and secure high-quality trade agreements so we can diversify our export markets and products. We have started negotiations on a trade deal with the European Union, and signed the Comprehensive and Progressive Trans Pacific Partnership. Our Trade for All Agenda will ensure that trade policy delivers for all New Zealanders, and that we have support to continue reaching out to trade with the rest of the world.

You can find out more here (<https://www.mfat.govt.nz/en/trade/nz-trade-policy/trade-for-all-agenda>), and share your views here (<https://www.haveyoursay.mfat.govt.nz/share-your-views>). You can also call +64 4 439 8000 for more information.

**Moving from volume to value** – Schemes like the Government's Sustainable Food & Fibre Futures fund provide gateways for farmers and growers to apply for investment in a greater range of projects that deliver economic, environmental and social benefits that flow through to all Kiwis.

You can find out more here (<https://www.mpi.govt.nz/funding-and-programmes/sustainable-food-and-fibre-futures>), and you can email [funding@mpi.govt.nz](mailto:funding@mpi.govt.nz) (<mailto:funding@mpi.govt.nz>) to receive updates about Sustainable Food & Fibre Futures when it is launched.

Sustainable Food & Fibre Futures will be launching, and seeking applications, in October 2018. You can read the Minister of Agriculture's media release here (<https://www.beehive.govt.nz/release/sustainable-food-fibre-futures-launched>).



**Small business strategy** – The Small Business Council will develop a strategy to encourage improvement and innovation in the small business sector. The small business strategy includes a focus on helping more of our SMEs to scale up and become exporters. We have announced the move to e-invoicing and the closing of the GST loophole for offshore selling of goods.

You can find out more about the Small Business Council here (<http://www.mbie.govt.nz/info-services/business/business-growth-and-internationalisation/small-enterprise>), or email [smallbusiness@mbie.govt.nz](mailto:smallbusiness@mbie.govt.nz) (<mailto:smallbusiness@mbie.govt.nz>) for more information.

You can also receive business advice here (<https://www.business.govt.nz/>), email [info@business.govt.nz](mailto:info@business.govt.nz) (<mailto:info@business.govt.nz>), or phone 0800 424 946 (Monday to Friday office hours). You can opt in to mailing lists for updates on various industry sectors here (<https://confirmsubscription.com/h/r/AC1053051A2F0559>).

## **BUILDING A SKILLED WORKFORCE**

**Enhancing vocational education and training** – Working with business, changes made already include the micro-credentials programme for employees who want to access new skills quickly, and expanding the number of places to help more senior secondary school students into employment in the trades, where businesses face skills shortages.

You can find out more here (<https://www.nzqa.govt.nz/about-us/consultations-and-reviews/recognising-micro-credentials/>), or email [qaadmin@nzqa.govt.nz](mailto:qaadmin@nzqa.govt.nz) (<mailto:qaadmin@nzqa.govt.nz>).

**Mana in Mahi/Strength in Work Apprenticeship pilot** – Mana in Mahi provides financial support to employers to fill skills gaps by subsidising the cost of apprenticeships for young New Zealanders who have been on a benefit for six months or more.

You can find out more here (<https://www.workandincome.govt.nz/about-work-and-income/news/2018/mana-in-mahi-strength-in-work-launched.html>), or email [industrypartnerships@msd.govt.nz](mailto:industrypartnerships@msd.govt.nz) (<mailto:industrypartnerships@msd.govt.nz>) or phone 0800 559 009.

**He Poutama Rangatahi** – This support employers, industries and other groups through the development of local youth employment plans to address New Zealand's high number of young people not in employment, education or training (NEETS).

For more information, and to access the application form, click here (<http://www.mbie.govt.nz/info-services/employment-skills/he-poutama-rangatahi1>). For any further information, you can email [HPR@mbie.govt.nz](mailto:HPR@mbie.govt.nz) (<mailto:HPR@mbie.govt.nz>).

**Fees-free post-secondary study** – The first-year fees-free initiative equates to two-years' fees-free for trades training and apprenticeship schemes, due to the different cost structures of post-secondary training. This will help address the skills shortage businesses are facing.

You can find out more here (<http://www.tec.govt.nz/fees-free-information-for-teos/what-fees-free-means-to-students/>), or email [sectorhelpdesk@tec.govt.nz](mailto:sectorhelpdesk@tec.govt.nz) (<mailto:sectorhelpdesk@tec.govt.nz?subject=website%20enquiry>) for more information. Alternatively you can phone 0800 601 301 or 04 462 5201.

**Construction skills action plan** – With input from the industry we are planning to improve the size and skills of New Zealand's local construction workforce.

You can find out more here (<http://www.mbie.govt.nz/info-services/building-construction/skills-innovation-productivity/action-plan-to-address-skills-shortages>).

To access the Building Controls and Building Act information line (a general enquiry line for building-related issues), you can freephone 0800 24 22 43.

And to read the relevant Cabinet paper, click here (<http://www.mbie.govt.nz/publications-research/publications/building-and-construction/cabinet-paper-action-plan-construction-skills-strategy.pdf>).

**Immigration settings** – We are making sure businesses facing skills shortages will be able to access skilled migrant labour. The Government is working on making changes to immigration settings to make it easier for regional employers to fill skills gaps. Changes have already been announced to help the construction sector access skilled labour for KiwiBuild and other construction projects, following feedback from the construction industry.

You can read more here (<https://www.immigration.govt.nz/employ-migrants>).

The Government will be consulting on changes to immigration settings to make it easier for regional employers to fill skills gaps in due course.

## **PROMOTING A PRODUCTIVE ECONOMY**

**Tax Working Group** – We are examining the structure, fairness and balance of New Zealand’s tax system. In particular, the Group, which includes representation from the business community, is reviewing what can be done to incentivise more investment in the productive side of the economy, and away from property speculation. An interim report will be published in September for public discussion, with final Cabinet decisions announced in April 2019. Changes won’t come into force until 1 April 2021.

You can find more information here (<https://taxworkinggroup.govt.nz/>), or email [secretariat@taxworkinggroup.govt.nz](mailto:secretariat@taxworkinggroup.govt.nz) (<mailto:secretariat@taxworkinggroup.govt.nz>).

**Overseas Investment Act** – We have passed legislation to ensure foreign investment is directed into the productive side of our economy, and not into our existing residential housing stock. The new legislation supports foreign investment in new homes, particularly apartments. It also supports business investment by including a streamlined approval process for the purchase of residential land for commercial purposes, and encourages foreign direct investment in the forestry sector. Further work is underway to improve the performance of the OIO and its processes.

You can find more information here (<https://www.linz.govt.nz/news/2018-08/overseas-investment-amendment-bill-given-royal-assent>).

**Modernising monetary policy** – We are ensuring New Zealand has a monetary policy fit for the 21st century. Our Reserve Bank Act changes promote the productive economy by introducing a dual mandate for the Reserve Bank to take into account maximum sustainable employment, alongside its mandate to control inflation. There will also be a monetary policy committee with external members. Phase 2 of the Review is looking at wider prudential and macro-prudential frameworks.

You can find more information here (<https://treasury.govt.nz/news-and-events/reviews-consultation/reviewing-reserve-bank-act>), or email [rbnzactreview@treasury.govt.nz](mailto:rbnzactreview@treasury.govt.nz) (<mailto:rbnzactreview@treasury.govt.nz>).

## **PREPARING FOR THE CHANGING NATURE OF WORK, NEW TECHNOLOGIES AND CLIMATE CHANGE**

**Future of Work Tripartite Forum** – Bringing Business NZ and the Council of Trade Unions around the table with government to support businesses and workers facing the changing nature of work. The Forum’s ongoing work is feeding into existing government and private sector work programmes across four key themes: Just Transitions, Learning for Life, Technology and Workplace Productivity.

You can find more information here (<https://www.beehive.govt.nz/release/future-work-tripartite-forum-champions-skills-shift-programme>).

**Just Transitions** – The Government is working with industries, business and communities to ensure there is a planned and fair transition to a low-emissions economy. A unit focussed on this has been established within MBIE.

For more information, email [jtu@mbie.govt.nz](mailto:jtu@mbie.govt.nz) (<mailto:jtu@mbie.govt.nz>) or phone 04 474 2839.

**Independent Climate Commission** – Interim work is underway on how we will meet our international obligations and transition to a zero-emissions economy by 2050, while the Government sets up an Independent Climate Change Commission. The interim Committee includes members with expertise in agribusiness, resource economics, international competitiveness and energy production and supply. We are also working closely with the business-mandated Climate Leaders Coalition.

You can read the Committee Terms of Reference here (<http://www.mfe.govt.nz/sites/default/files/media/Legislation/Cabinet%20paper/interim-climate-change-committee-tor.pdf>). For information on the Interim Climate Change Committee, click here (<http://www.mfe.govt.nz/more/cabinet-papers-and-related-material-search/cabinet-papers/climate-change/100-day-plan-climate>). For information on the 100 Day Plan for Climate Change, click here (<http://www.mfe.govt.nz/node/23964/>). For any other information on the Climate Change Committee, you can email [enquiries@ICCC.mfe.govt.nz](mailto:enquiries@ICCC.mfe.govt.nz) (<mailto:enquiries@ICCC.mfe.govt.nz>).

For information on the climate change work programme, click here (<http://www.mfe.govt.nz/node/23439>).

To access the Ministry for the Environment's Emissions Trading Scheme consultation homepage, click here ([http://www.mfe.govt.nz/consultation/ets?\\_ga=2.189265833.345810793.1535325085-44599989.1521706904](http://www.mfe.govt.nz/consultation/ets?_ga=2.189265833.345810793.1535325085-44599989.1521706904)). For further information on ETS consultation, you can email [etsconsultation@mfe.govt.nz](mailto:etsconsultation@mfe.govt.nz) (<mailto:etsconsultation@mfe.govt.nz>). For ETS forestry consultation, please email [etsconsultation@mfe.govt.nz](mailto:etsconsultation@mfe.govt.nz) (<mailto:etsconsultation@mfe.govt.nz>). To download the ETS consultation document, click here (<http://www.mfe.govt.nz/publications/climate-change/improvements-new-zealand-emissions-trading-scheme>). To download the ETS forestry consultation document, click here (<https://mpi.govt.nz/news-and-resources/consultations/a-better-ets-for-forestry>).

## **UNLOCKING NEW GROWTH BY BUILDING INFRASTRUCTURE FOR A MORE PRODUCTIVE ECONOMY**

**Infrastructure investment** - The Government Policy Statement on Land Transport provides – via the NZ Transport Agency - direct investment of \$4 billion next year (growing to \$4.7 billion in ten years' time) to transport infrastructure projects that will lift regional productivity and better connect business and exporters with the world. It also unlocks the Government's record \$28 billion Auckland Transport Alignment Project to address traffic gridlock and improve productivity in our biggest city.

For more information on the Government Policy Statement, click here (<https://www.transport.govt.nz/multi-modal/keystrategiesandplans/gpsonlandtransportfunding/>), or email [gps@transport.govt.nz](mailto:gps@transport.govt.nz) (<mailto:gps@transport.govt.nz>) or phone 04 439 9000.

For more information on the Auckland Transport Alignment Project, click here (<https://www.transport.govt.nz/land/auckland/atap/>), or email [info@transport.govt.nz](mailto:info@transport.govt.nz) (<mailto:info@transport.govt.nz>) or phone 04 439 9000.

**New ways of funding infrastructure** – Alongside business, the Government is developing new funding and financing methods to build up New Zealand's infrastructure, ensuring that private sector expertise and capital is leveraged to close the infrastructure deficit.

**National Infrastructure Entity** – A new government infrastructure entity is being set up to answer industry calls for the Government to do more to ensure adequate long-term planning and investment to provide greater pipeline certainty to the construction industry.

You can find out more here (<https://www.beehive.govt.nz/release/new-infrastructure-entity-help-drive-economic-growth-and-wellbeing>).

## **CREATING OPPORTUNITIES FOR REGIONAL ECONOMIES**

**Provincial Growth Fund** – The \$1 billion per year Provincial Growth Fund is investing in regional economic development initiatives, including infrastructure and business opportunities. This includes co-investment in projects alongside business. The One Billion Trees programme, funded through the PGF will create sustainable jobs and help address climate change.

To find out more, click here (<http://www.mbie.govt.nz/info-services/sectors-industries/regions-cities/provincial-development-unit/provincial-growth-fund>), or email [pgf@mbie.govt.nz](mailto:pgf@mbie.govt.nz) (<mailto:pgf@mbie.govt.nz>).

For contact details for Senior Regional Officials, click here (<http://www.mbie.govt.nz/info-services/sectors-industries/regions-cities/provincial-development-unit/provincial-growth-fund/support>).

To learn more about applying, and to apply, click here (<http://www.mbie.govt.nz/info-services/sectors-industries/regions-cities/provincial-development-unit/provincial-growth-fund/how-to-apply>) (NB: there are three different forms depending on the size of the application).

To read the investment statement and guide to the PDF, click here (<http://www.mbie.govt.nz/info-services/sectors-industries/regions-cities/document-and-image-library/Investment-Statement-for-the-Provincial-Growth-Fund.pdf/view> [http://www.mbie.govt.nz/info-services/sectors-industries/regions-cities/document-and-image-library/Guide-to-the-Provincial\\_Growth-Fund.pdf](http://www.mbie.govt.nz/info-services/sectors-industries/regions-cities/document-and-image-library/Guide-to-the-Provincial_Growth-Fund.pdf)).

**Accelerated roll-out of rural broadband and mobile networks** – This investment will see The Rural Broadband Initiative Phase Two and the Mobile Black Spot Fund builds substantially completed by the end of 2021 – a year earlier than previously planned. This followed feedback from regional businesses about the economic opportunities earlier completion would bring.

## **WAGES AND WORKPLACES FOR A MODERN WORKFORCE**

The Government is engaging and consulting with business on workplace relations and wages policies.

**Minimum wage** – The Government has set the goal of the minimum wage being set at \$20/hour from 1 April 2021. We are engaging with business on the phasing and scope of minimum wage increases over that timeframe.

Read more here (<https://www.employment.govt.nz/hours-and-wages/pay/minimum-wage/>), and read about minimum wage reviews here (<http://www.mbie.govt.nz/info-services/employment-skills/legislation-reviews/minimum-wage-review>).

**Holidays Act Review** – A taskforce of workers, business and government is looking at underlying issues with the Holidays Act, to ensure the legislation is straightforward and simple to implement. The taskforce will provide recommendations in mid-2019. The Labour Inspectorate will continue to support employers to remediate employees for historical underpayments.

Read more here (<http://www.mbie.govt.nz/info-services/employment-skills/legislation->

reviews/holidays-act-review), or phone 0800 20 90 20 for more information.

**Fair Pay Agreements** – The design of a Fair Pay Agreement system is being led by a group of business and worker representatives, led by former Prime Minister Jim Bolger. The taskforce is expected to report back by the end of 2018. These agreements would enable unions and employers to develop Fair Pay Agreements that set minimum terms and conditions for all workers in an entire industry or occupation. Industrial action will not be permitted in Fair Pay Agreement bargaining.

You can find more information here ([//www.mbie.govt.nz/info-services/employment-skills/legislation-reviews/fair-pay-agreements](http://www.mbie.govt.nz/info-services/employment-skills/legislation-reviews/fair-pay-agreements)).



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## Information on R&D Tax Incentive

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**Outcome: The Government has committed to raising New Zealand's research and development (R&D) expenditure to 2% of GDP over 10 years.**

Business R&D brings wider benefits to the economy:

- innovative products are profitable
- better products and services
- improved employee skills and better employment opportunities
- ensures New Zealand remains internationally competitive
- supports economic diversification
- supports knowledge intensification

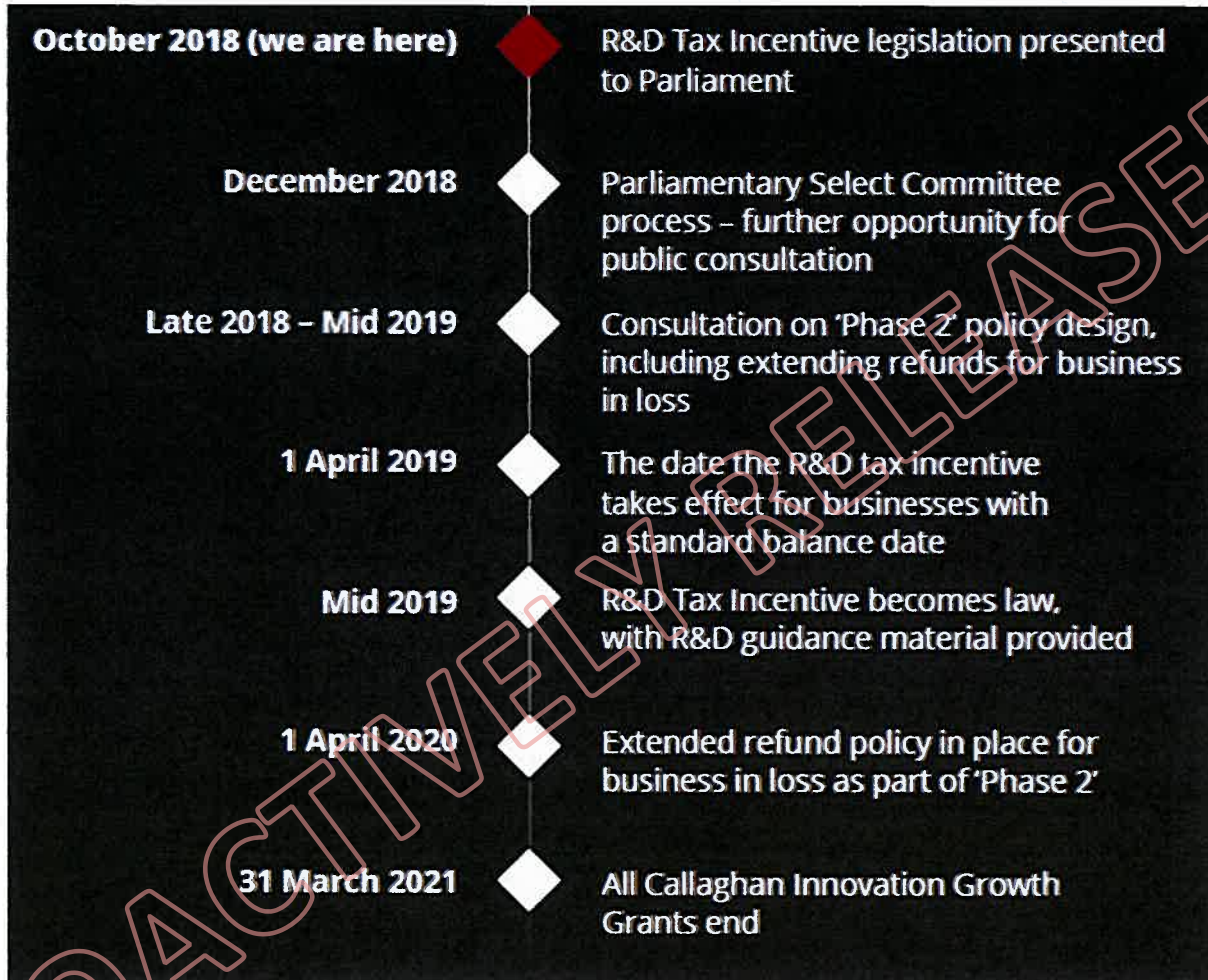
To reach this target more businesses will need to increase their expenditure on R&D. The Government will support this increase in expenditure through an R&D tax incentive.

### Key features:

- credit rate of 15%. This compares favourably to other international R&D tax incentives (Australia in particular)
- \$120 million cap on eligible expenditure (equating to a \$18M tax credit)
- minimum R&D expenditure threshold of \$50,000 per year (reduced from \$100,000 after consultation)
- limited form of refunds for the first year of the scheme that will mirror the R&D tax-loss cash-out scheme run by Inland Revenue. A more comprehensive policy will be in place for the second year of the scheme
- definition of R&D that ensures the credit can be accessed more easily across all sectors, including the technology sector
- inclusion of State Owned Enterprises, industry research cooperatives, levy bodies, and minority-owned subsidiaries of select Crown entities.

The 15% tax credit will be available from the beginning of a business's 2019/20 income year.

Expected timeline



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## Provincial Growth Fund (PGF) – “Surge” Regions

### GEOGRAPHIC FOCUS

All regions of New Zealand are eligible for funding under the PGF, excluding the metropolitan areas of Auckland, Wellington and Christchurch. Six “surge” regions have been prioritised for the PGF:

- Tai Tokerau/Northland
- Bay of Plenty
- Tairāwhiti/East Coast
- Hawke’s Bay
- Manawatū-Whanganui
- West Coast

Projects which are multi-regional in scope will also be given priority.



More information on the Provincial Growth Fund and what’s happening in the regions can be found here: <https://www.growregions.govt.nz/>

### Micro-credentials System

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In August, New Zealand introduced a new micro-credentials system. Micro-credentials are new stand-alone education products giving learners access to specific knowledge and skills. They are smaller than qualifications, with a tight focus on developing skills to meet the immediate needs of industry, employers, iwi and/or community.

#### Benefits:

- Micro-credentials enable learners to update their skills more quickly for their current jobs and for multiple careers over their lifetime.
- Micro-credentials will give industry an opportunity to work with Tertiary Education Providers and Industry Training Organisations to bring emergent skills to market quickly, so employers can access employees with the expertise they need and so that learners can continue updating their competencies.
- Micro-credentials are becoming important as the nature of work continues to change. Individuals will need new up-to-date skills across their lifetime. Sometimes these skills will require a full and formal qualification. In other cases, employers have indicated that learning packaged as a micro-credential would be more appropriate.
- A micro-credentials system will allow New Zealand learners to access a wide range of education and training options, both domestically and internationally. They will support learners to participate in a way that suits their individual needs and circumstances.
- The New Zealand Qualifications Authority (NZQA) will recognise micro-credentials as part of New Zealand's regulated education and training system.

#### Current projects:

- NZQA ran micro-credential pilot projects with three organisations from 1 August 2017 to 30 June 2018:
  - Udacity's Self-Driving Car Engineer Nanodegree is a micro-credential that was assessed by the NZQA for the purposes of the pilot as equivalent to a 60 credit package of learning at Level 9 (Masters Level) on the New Zealand Qualifications Framework (NZQF).
  - Young Enterprise's flagship programme, The Lion Foundation [Young Enterprise Scheme](#) (YES), sees students set up and run a real business while in secondary school, creating a product or service and bringing it to market. Approximately 3,700 students from over 180 schools participate in the scheme annually. YES can be used to contribute credit inclusions for the National Certificate of Educational Achievement (NCEA) at Level 3 (10 credit equivalents)
  - Otago Polytechnic, has significant experience in the assessment and recognition of prior learning and has launched a micro-credential service called [EduBits](#). EduBits recognise sets of skills and knowledge to enable just-in-time workforce upskilling and reskilling and are being developed in conjunction with industry partners. Otago Polytechnic and NZQA will jointly award micro-credential EduBits as equivalent to a specified credit value and Level on the New Zealand Qualifications Framework.

- These pilots are a stepping stone to NZQA developing a full micro-credential system, so that employers and learners can access the skills they need throughout their lifetime.
- The Tertiary Education Commission is working with education providers to explore where it invests public funding to support micro-credentials, following up on feasibility studies undertaken with industry as part of the Engineering e2e project.

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### **Fees-Free Tertiary Education and Training**

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**Outcome: The Government's vision for education is of a system that places learners at the centre, with barrier-free access. We want to give all learners the same opportunities to access tertiary education and training, regardless of their socio-economic background.**

Thousands studying for the first time at tertiary institutions, or training as apprentices, are benefiting from the Government's fees-free study policy.

- Total fees-free enrolments to August are 41,700 students and trainees. This compares to the April figure of 33,300.
- Evidence suggests students are already taking on less debt, with 28,300 fewer students borrowing to pay fees in the first six months on 2018, compared with the same period in 2017.
- Borrowing for fees was \$168 million lower in the first six months of 2018, compared with the same period in 2017.
- Fees-free is not just for students at tertiary institutions like universities and polytechnics. Apprentices training on the job through industry training organisations for their first tertiary qualification can also get fees-free support. Fees-free covers the first two years of training and assessment fees for both eligible trainees and their employers (up to the value of \$12,000).
- We have also increased the weekly student loan living cost and allowance payments for students at all levels by \$50 per week.
- The Ministry of Education estimates that 50,200 people will benefit from fees-free support over the full 2018 calendar year. This comprises 45,600 provider-based students and 4,600 industry trainees.

#### **Changes to improve how Fees Free is delivered in 2019:**

Policy changes include:

- Making sure that people won't lose out if they enrol in short industry training programmes or do small amounts of on-job training.
- Enabling learners who are enrolled in high school to get Fees Free for any tertiary study or training they do outside of their schooling or secondary-tertiary programme; this will "fast-track" the confirmation of eligibility for an estimated 6,000 learners.
- Ensuring consistent rules for people in industry training programmes and provider-based study.

### Future of work – implications for employment regulation and skills

#### Key messages

- There has been significant international and local debate about how work is changing, or may change, in response to several converging global trends (technological advancement, globalisation, climate and demographic change).
- The Minister of Finance has established a Tripartite Future of Work Forum, to assist the Government's work on supporting workers and businesses to confidently face the rapidly changing nature of work. The initial focus of the Forum is likely to include: responding to technological change, improving workplace productivity, promoting learning for life, and ensuring Just Transition in moving to a low carbon economy.
- The Government requested the Productivity Commission set up an inquiry into how New Zealand can maximise the opportunities and minimise the risks of disruptive technological change and its impact on the workforce and business. This will supplement the work that the Commission is already doing on transitioning to a low emission economy.
- New Zealand needs to ensure that our employment regulations are fit for purpose, adaptive and resilient, both in making the most of the opportunities ahead and protecting workers.

#### What is the government doing to help firms and workers respond to big changes expected in the labour market?

The Tripartite Future of Work Forum will reinforce Government's efforts to ensure policy and regulatory settings affecting labour market outcomes are fit for purpose. The Forum will comprise of representatives of the Government, Business NZ and the NZ Council of Trade Unions. It will sit alongside other Government work already underway (such as the Tax Working Group, the Welfare Expert Advisory Group and the Prime Minister Business Advisory Council) and support ministerial groups responding to Future of Work challenges. The Forum will initially focus on four themes:

- Technology – uptake and impact.
- Productivity in the workplace – high performance, high engagement.
- Learning for life – building a resilient and adaptable workforce.
- Just Transitions – sustainable work in a low carbon economy.

#### Some recent commentators have claimed that over 40 per cent of New Zealand jobs could disappear over the next 10 to 15 years. What is the government doing about this?

Looking at the structure of the New Zealand labour market, recent trends, and the latest evidence, the scale of job loss is not expected to be that big, certainly not over that time period. To date, New Zealand has experienced global trends slightly differently to other parts of the world:

- We have not seen dramatic changes in the prevalence of non-standard work or job tenure. Self-employment has been relatively stable at around 12 per cent since the late 1980s/early 1990s and the proportion of employees with multiple jobs has declined

## Background paper 5g: The future of work

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since its peak in the late 1990s.

- We are experiencing overall skill upgrading (skills-biased technical change), as opposed to a 'hollowing out' (routine-biased technical change) of semi-skilled workers from the workforce as reported elsewhere.
- Peer-to-peer platforms or digital intermediaries like Uber, Freelancer and Task Rabbit are disrupting existing industries internationally, but are not yet as prevalent in New Zealand as elsewhere.

Estimates suggesting very high rates of job loss were based on a flawed methodology ignoring the role of technology in creating new jobs and assuming rapid take up of automation across the economy. They also failed to recognise that many jobs would not disappear in their entirety; rather the more routine aspects/tasks of jobs would be automated, leaving the job-holder more time to focus on the complex aspects of their job.

By contrast, the most recent OECD study "Automation, Skills Use and Training" (March 2018) suggests that the potential across the OECD for automation to substitute tasks and change skills requirements is pervasive and growing. But the New Zealand workforce is one of the least exposed economies to the risk of job loss (with 9% of jobs at high risk of job compared to 14% for the OECD as a whole), with teenage age workers doing low skilled jobs being at the highest risk of automation.

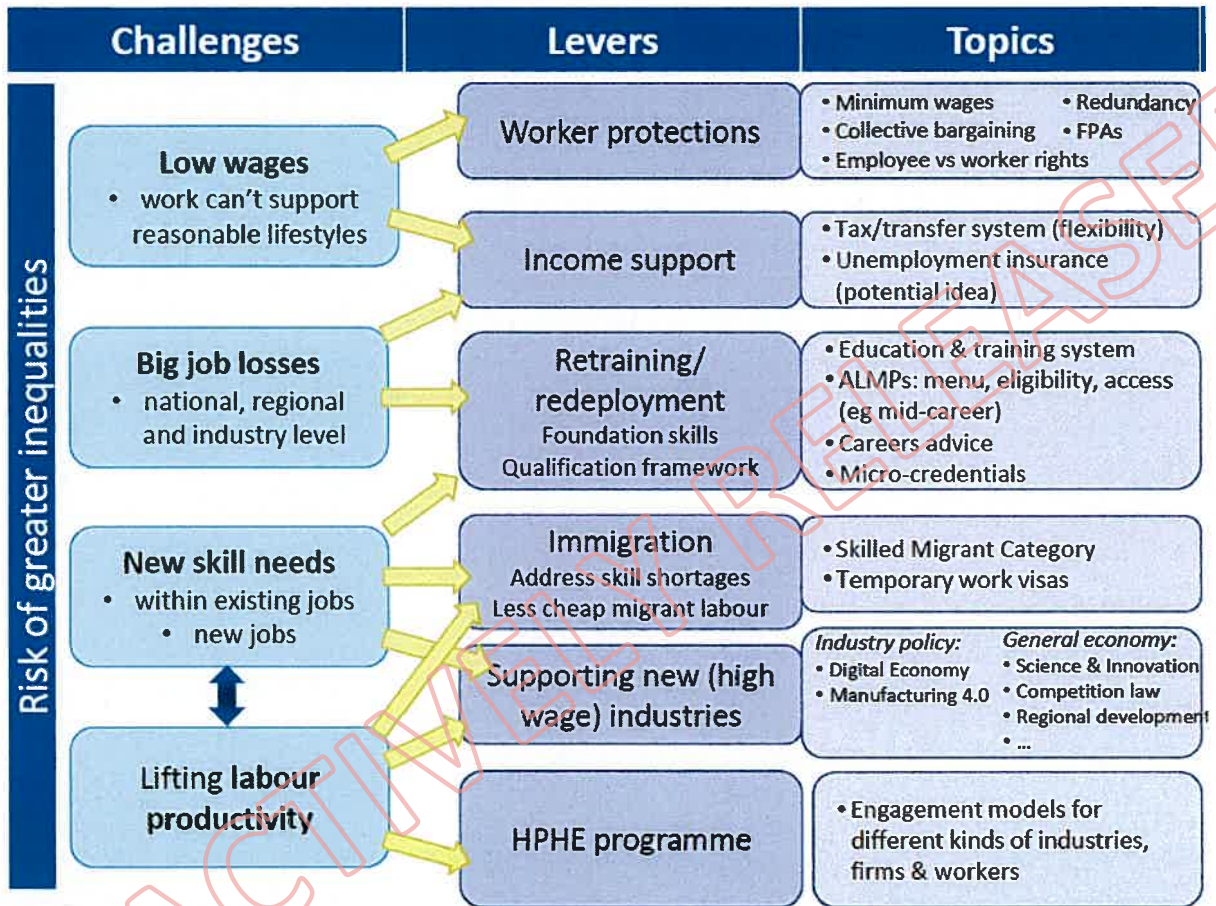
### **How is the nature of work expected to change over the next 5-10 years?**

- MBIE undertook a review over the 17/18 year on how the changing nature of work is impacting New Zealand. The key insights are that:
  - technology and globalisation are reshaping occupations and increasing the premium on skills, particularly those skills not susceptible to automation (i.e. routine tasks)
  - demographic changes and global interconnectedness are changing the structure (by ethnicity and age) of the labour force
  - technology, demographic changes and global interconnectedness are changing the ways in which labour and product markets organise, e.g. Uber, TaskRabbit and Freelancer
  - technology and global interconnectedness, along with a shift in societal values, will likely see an increase in the diversity of working arrangements (away from permanent, full-time employment). The Government appreciates the positive contributions that these changes may bring. The changing nature of business and employment is likely to increase opportunities for competitive or entrepreneurial firms to innovate and to access new markets, as well as allow greater opportunity for adaptive workers to move more easily between jobs, combine several different paid activities (possibly across many different firms) and to bargain for better work-life balance. But there is also likely to be more uncertainty for both firms and workers, due to the rapid pace of change and prevalence of technology. Different firms and workers are likely to be impacted differently.



# Background paper 5g: The future of work

The Future of Work mega-trends are likely to amplify existing issues with labour market settings:



## Background paper 5g: The future of work

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since its peak in the late 1990s.

- We are experiencing overall skill upgrading (skills-biased technical change), as opposed to a 'hollowing out' (routine-biased technical change) of semi-skilled workers from the workforce as reported elsewhere.
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Estimates suggesting very high rates of job loss were based on a flawed methodology ignoring the role of technology in creating new jobs and assuming rapid take up of automation across the economy. They also failed to recognise that many jobs would not disappear in their entirety; rather the more routine aspects/tasks of jobs would be automated, leaving the job-holder more time to focus on the complex aspects of their job.

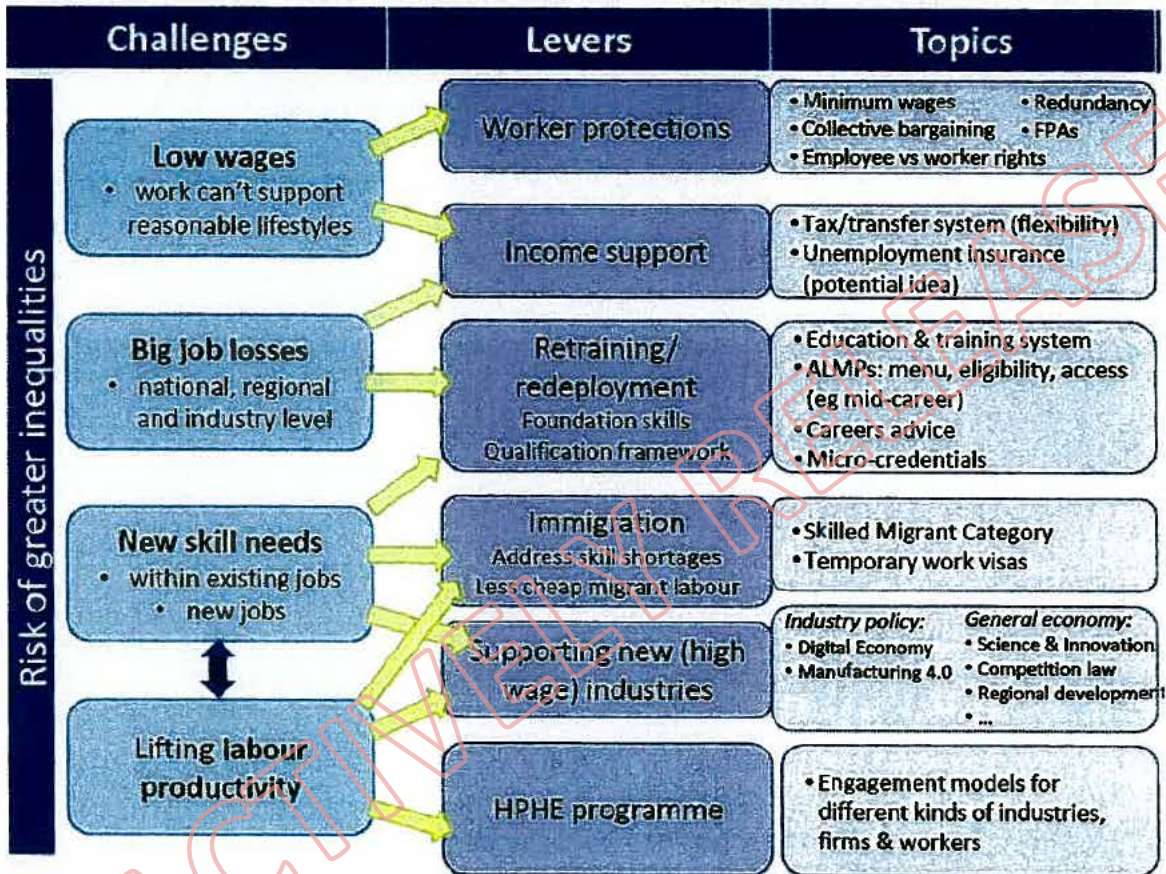
By contrast, the most recent OECD study "Automation, Skills Use and Training" (March 2018) suggests that the potential across the OECD for automation to substitute tasks and change skills requirements is pervasive and growing. But the New Zealand workforce is one of the least exposed economies to the risk of job loss (with 9% of jobs at high risk of job loss compared to 14% for the OECD as a whole), with teenage age workers doing low skilled jobs being at the highest risk of automation.

### How is the nature of work expected to change over the next 5-10 years?

- MBIE undertook a review over the 17/18 year on how the changing nature of work is impacting New Zealand. The key insights are that:
  - technology and globalisation are reshaping occupations and increasing the premium on skills, particularly those skills not susceptible to automation (i.e. routine tasks)
  - demographic changes and global interconnectedness are changing the structure (by ethnicity and age) of the labour force
  - technology, demographic changes and global interconnectedness are changing the ways in which labour and product markets organise, e.g. Uber, TaskRabbit and Freelancer
  - technology and global interconnectedness, along with a shift in societal values, will likely see an increase in the diversity of working arrangements (away from permanent, full-time employment). The Government appreciates the positive contributions that these changes may bring. The changing nature of business and employment is likely to increase opportunities for competitive or entrepreneurial firms to innovate and to access new markets, as well as allow greater opportunity for adaptive workers to move more easily between jobs, combine several different paid activities (possibly across many different firms) and to bargain for better work-life balance. But there is also likely to be more uncertainty for both firms and workers, due to the rapid pace of change and prevalence of technology. Different firms and workers are likely to be impacted differently.

# Background paper 5g: The future of work

The Future of Work mega-trends are likely to amplify existing issues with labour market settings:



## Hot topics that may be raised by the PM's Business Advisory Council

- |                                                              |    |
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| 2. Access to temporary migrants                              | p1 |
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### 1. Increase to the Recognised Seasonal Employer (RSE) Scheme

- The Government has recently announced that the RSE scheme cap will increase by 1,750 to 12,850 – the largest increase since the programme began.
- This responds to significant growth in the horticulture and viticulture industries in recent years.
  - Industry reports say that since 2015, apple and kiwifruit orchards have increased in value by around 70 per cent each, and the 2018 wine vintage was 2.6 percent larger than the previous year.
- This growth has been accompanied by prominent labour shortages across industries and regions, notably in the past year. This is expected to continue, with growers forecasting 2600 more workers are needed to help support the industry.
- The Government will conduct a comprehensive review of the RSE scheme in 2019 to ensure it delivers improvements.

### 2. Access to temporary migrants

- As a growing economy, overseas skills and expertise will always be important to New Zealand. As a result the Government is committed to ensuring that businesses are able to get genuinely skilled migrants when they need them.
- However, the Government is also committed to training New Zealanders to fill skill and labour shortages and ensuring that work visas for lower-skilled roles are not being used to fill jobs that New Zealander could do.
- The Government has moved to tighten up post-study work rights for international students to ensure that international students who stay and work here have the

skills that New Zealand needs, and to introduce a Kiwibuild skills shortage list to support construction sector growth.

- Our next steps are to strengthen the labour market test for work visas to ensure that they are not being used for jobs New Zealanders can do and make skills shortage lists more regional so that migrants work where there is a genuine regional shortage.
- We also want an immigration system that is better integrated with the education/skills and welfare systems and supports industries and employers to take action to address shortages over time.
- The Minister of Immigration is expecting to begin consultation on a set of changes to immigration work visa settings by the end of this year, subject to Cabinet agreement.

### **3. Introducing Fair Pay Agreements (FPAs)**

- One of the Government's pre-election policies was to develop a collective bargaining system that allows unions and employers to create Fair Pay Agreements (FPAs).
- These are sector- or occupation-level agreements negotiated by the workers and employers who know their sector best. Through collective bargaining workers and employers can set fair, basic standards that are relevant to their sector and support productivity and growth.
- The aim of FPAs is to prevent a race to the bottom, where some employers undercut others by reducing costs through low wages and poor employment conditions.
- Industry-wide employment standards exist in other countries.
  - For example, a common model in Europe is mandatory extension of a collective agreement to all workers in an industry once that collective agreement covers a sufficient proportion of the workforce.
  - Australia's modern awards system is another example, where the Fair Work Commission makes awards that set minimum terms and conditions for particular occupations and industries.
- Government has set up the Fair Pay Agreements Panel, chaired by Rt Hon Jim Bolger ONZ, to make recommendations on design.
- The group is made up of worker and business representatives, and experts in law, economics and bargaining systems. They are expected to report to the Minister later this month.

### **4. Cost of electricity**

- Some short-term issues are currently affecting electricity generation.
- Natural gas production is currently down due to some short term supply constraints, a dryer, cooler spring has led to reduced seasonal inflows to hydro lakes affecting generation and there was also below average wind power production.

- The combined effect is that electricity wholesale prices have spiked and are particularly high for this time of year – reflecting the short-term scarcity in the gas market and lower than average hydro lake levels.
- Several of the smaller retailers are reportedly under stress due to the spike in prices – one (Nelson-based Power Direct) has advised it was not accepting new customers and is telling 250 customers to move to another retailer.
- The combination of circumstances contributing to current high wholesale electricity prices is unusual. And these types of events don't happen often.
- MBIE's view is that the high prices appear consistent with temporary supply restrictions. It is expecting prices to moderate when gas production returns to normal in late November and hydro storage returns to normal seasonal levels.

## 5. Gas supply

- A number of unrelated issues are affecting gas supply.
- Gas flow from the country's largest gas field (Pohokura) is currently reduced by about 50% due to an issue with a valve. Repairs are underway and the field is expected to return to full production, subject to delays, by the end of November.
- In addition:
  - The Maui pipeline is due to shut down for 48 hours in late November for a repair. The pipeline owner/operator is working closely with key pipeline users to minimise any impacts over the period of the shutdown
  - There are several other short term, routine management issues impacting supply.
- Ordinarily these wouldn't be noticed by the market, but due to the Pohokura curtailment these smaller issues exacerbate the supply tightness. The gas supply market is expected to remain tight until the end of November.

*Something that Fonterra could possibly raise:*

- Some large gas users have been asked to cut back their gas use and the price of the available gas has risen.

*If raised:*

- The combination of circumstances contributing to current high wholesale electricity prices is unusual. And these types of events don't happen often.
- MBIE considers the high prices appear consistent with temporary supply restrictions. It is expecting prices to moderate when gas production returns to normal in late November and hydro storage returns to normal seasonal levels.

## 6. Review of Bank Conduct

- A review of bank conduct was released on Tuesday 6 November by the Financial Markets Authority (FMA) and Reserve Bank of New Zealand (RBNZ).
- The review identifies instances of poor conduct by bank staff and weaknesses in bank processes to manage them.
- Government has emphasised the importance of dealing with the problems identified in the report to ensure New Zealanders have confidence in their banking system.
- The FMA and RBNZ will provide specific individual feedback to each bank later this month. The banks will then have until March 2019 to report back to the regulators and provide plans for addressing the feedback.
- The Government will also be looking closely at the findings from the Australian Royal Commission, anticipated in February 2019, and will be asking the RBNZ and FMA to study the final report to determine if further action is needed in New Zealand.
- Government will take on board the report's recommendations on the regulatory environment for bank conduct and determine if regulations need to change.
- Work is underway to improve the regulation of New Zealand's financial system. This includes the Financial Services Legislation Amendment Bill to strengthen regulation of financial advice, changes to the Credit Contracts and Consumer Finance Act to target irresponsible lending, and a review of insurance contract law.

## 7. Commerce Act and market powers

- The Commerce Amendment Act 2018, which passed in October, has given the Commerce Commission the ability to undertake market studies (also known as competition studies).
- A market study is an in-depth investigation into a particular market, to determine if it is competitive and operating in the interests of consumers.
- The Commerce Commission will have the power to compulsorily acquire information as part of a market study. Following the completion of a market study, it will provide a report of its findings to government, which may include recommendations for regulatory change.
- The Minister of Commerce and Consumer Affairs is responsible for referring markets to the Commerce Commission to be studied. He is expected to refer the first study in December. The Prime Minister has indicated her expectation that retail petrol and diesel markets be the subject of the first market study.
- The Commerce Commission is only resourced to carry out one market study at a time. However, Ministers have signalled a range of markets that they would like to be subject to a study in the future. This includes supermarkets, building products, and banking.

## 8. Overseas Investment Office

- The Overseas Investment Office, part of Land Information New Zealand, administers overseas investment laws. These were revamped this year in the first phase of the Government's review of the Overseas Investment Act.
  - From 22 October 2018, overseas investment rules changed to include residential and lifestyle properties. In general, overseas people who are not residents cannot buy homes to live in, but other investment opportunities are available.
  - Other changes in effect from 22 October encourage foreign investment in forestry.
- On 16 October Hon David Parker announced the Government's second phase of the review. This will ensure New Zealand remains an attractive destination for beneficial, long-term foreign direct investment, while examining ways to ensure prospective foreign investments are consistent with New Zealand's national interest.
- The second phase of review will aim to streamline processes for overseas investment and adequately protect sensitive assets, including land.
- The Government will consult widely on options for reform. Public consultation will take place in the first half of 2019.

### *Resourcing for Overseas Investment Office*

- The Overseas Investment Office operates on a cost recovery model. It received time-limited funding of \$9.8 million of Crown funding for the first time in July 2018 for enforcement and monitoring.
  - Staffing for the Office has increased from 30 people in December 2017 to 51 people in October 2018.