Growing New Zealand from the South: A Policy Platform for Election 2026

PREPARED BY THE SOUTH ISLAND CHAMBER OF COMMERCE NETWORK

Backing the South Island

This document has been developed by the South Island's Chambers of Commerce – Business Canterbury, Business South, Marlborough Chamber of Commerce, Nelson Tasman Chamber of Commerce, Queenstown Business Chamber of Commerce, South Canterbury Chamber of Commerce, Southland Business Chamber, and Wānaka Business Chamber.

Together, we represent around 7,000 businesses and organisations across the South Island that share a common goal – to grow the South Island economy, support resilient and prosperous South Island communities, and contribute to a stronger New Zealand economy for the people and businesses who choose to do business, invest, live and work here.

The South Island is already a major economic contributor to New Zealand, with a roughly $100 billion regional economy, representing 22% of national GDP. It accounts for around one third of New Zealand's goods exports, while South Island ports handle $22.4 billion of departing exports.

The South Island is also central to the visitor economy, attracting $8 billion of international visitor spending in the March 2026 year, equal to 40% of New Zealand's total international visitor spending. Its airports are critical domestic and international gateways, handling 11.4 million passenger movements in the June 2025 year, including 2.5 million international passenger movements.

That contribution is built on world-class natural advantages, including abundant freshwater, renewable energy resources, productive land and distinctive landscapes as well as being home to world class universities. It is supported by agriculture, food and fibre production, value-added food-processing and manufacturing capability. There are globally connected exporters, leading tourism destinations, strong education institutions, growing technology, aerospace and biotech sectors, and a compelling lifestyle proposition.

The South Island also has deep capability in advanced manufacturing, engineering and automation. These businesses help lift the productivity of existing industries and will be critical to building, maintaining and operating the next generation of energy, aquaculture, digital, infrastructure and industrial projects.

One-size-fits-all national policies do not always respond to the realities of a diverse and geographically dispersed regional economy, and many smaller businesses remain under pressure after a challenging period for the economy. The South Island can help drive New Zealand's next phase of growth, but only if policy settings restore confidence, unlock investment, support businesses to grow, and enable investment ahead of demand in the infrastructure and capability needed to sustain it.

Our Ambition

South Island GDP per capita currently sits at around $79,400, close to but below the national average.

Our ambition is not for the South Island to simply keep up. It is for the South Island to move ahead by lifting productivity, building internationally competitive businesses and leading New Zealand's future economic performance.

WE ARE SETTING A CLEAR GOAL:

By 2035, South Island GDP per capita should reach at least $130,000 and sit clearly above the national average.

This requires backing the innovative South Island businesses already competing on the world stage and building on the sectors where the South Island has clear competitive advantage – including agriculture, aquaculture, value-added food processing, a globally recognised wine industry, manufacturing, renewable energy, technology, world class universities, and a strong visitor economy. With the right settings and investment, these strengths can support stronger businesses, better incomes, greater export earnings and more resilient communities.

The aspiration to lift South Island GDP per capita to $130,000 by 2035 is ambitious but achievable, provided it is supported by sustained productivity growth, infrastructure investment, workforce capability, and stable policy settings.

Achieving this goal will require us to build on the South Island's strengths while removing the barriers holding it back. That means investing ahead of demand in the infrastructure that connects and enables our regions, unlocking reliable and affordable energy, attracting the skills and capital we need, and ensuring regulatory settings support South Island enterprises to reach their full potential. Consistent, growth-focused policy settings are also essential to restoring business and consumer confidence, giving firms the certainty to invest, hire and grow.

By backing the South Island, New Zealand can unlock more of the opportunity sitting within our regions, lift national productivity and build a more resilient, diversified economy. Our businesses have the ambition and capability to further boost the growth we are seeing across the South Island – what they need are the policy settings and investment to enable that.

Workforce, skills and immigration

People are central to the South Island's economic future. Businesses need access to the right mix of skills, talent and labour to grow and meet the demands of their customers. However, national workforce, education and immigration settings do not always reflect the needs of regional labour markets, where shortages can look different.

Regional labour shortages may not be visible through national occupation lists or broad national labour-market data. Roles that may be adequately supplied in some parts of New Zealand, such as seasonal horticultural jobs, chefs or tourism staff, can still be critically scarce in smaller regional economies.

In some regions, seasonal and RSE labour is particularly important to horticulture and viticulture, where short, peak-season workforce shortages can quickly affect harvests, export earnings and the wider regional economy.

Health and aged care should also be recognised as core regional workforce sectors. Shortages in these roles do not only affect health providers; they also affect communities, employers and the ability of regions to attract and retain workers.

Education settings also need to be better aligned with what regional industries require. As the vocational education system is reshaped, the priority should be stronger engagement between education providers, industry and local employers, so training pathways reflect the skills South Island businesses need.

If the South Island is to meet our 2035 ambition it needs workforce, education and immigration settings that are fit for purpose and responsive to the needs of local employers and modern workplaces. This does not mean lowering standards. It means giving regions greater ability to identify genuine labour needs and giving trusted employers more flexibility to recruit, train and deploy workers where they are needed.

We are asking the next Government to:

Reinstate regional immigration managers to improve government's understanding of local labour market needs, build stronger relationships with regional employers, and provide a practical escalation pathway for genuine regional shortages, including tailored solutions where major projects require specialist skills not adequately provided for under national settings.

Provide around 20 percent discretion within relevant visa settings to respond to demonstrated local labour needs, including skilled trades, essential roles in agriculture, tourism, hospitality and aged care, and highly specialised capabilities required for major regional projects or emerging industries that are not well captured by current visa categories.

Create a trusted accredited employer pathway that provides faster processing and greater flexibility for compliant employers with strong employment records, including the ability to move workers between approved sites or projects within the same region and occupation.

The Government should consider partnering with member-based business organisations to provide trusted employer guidance, support pre-application checks and streamline administration.

Co-invest with councils and the private sector in affordable worker accommodation in high-pressure regional labour markets, with Queenstown Lakes treated as a priority given the acute link between housing availability and workforce pressure. This should ensure housing constraints do not hold back tourism, construction, primary production, healthcare and other essential regional labour markets.

Ensure the restructuring of Te Pūkenga delivers a more responsive vocational education system, with stronger regional industry engagement and clear local training pathways, including apprenticeships and work-based learning in high-growth sectors such as advanced manufacturing, digital technology and aerospace, to help drive productivity.

Support SME access to AI and digital literacy training by partnering with the private sector, chambers of commerce and existing providers to remove barriers, improve coordination and help smaller businesses use new technologies to lift productivity.

Establish Regional Skills Advisory Units (or Industry Skills Advisory Committees) bringing together employers, industry, training providers and government to identify emerging workforce needs, advise on regional skills priorities and ensure vocational education, apprenticeships and training programmes align with local industry demand and economic opportunities.

Infrastructure

The South Island's future economic success depends on infrastructure that is reliable, resilient and able to support growth. Our businesses rely on long supply chains, regional airports, ports, ferries, coastal shipping links, rail and state highways that are nationally significant, but vulnerable to disruption. When these connections fail, or capacity is constrained, the impact is felt across the economy through higher costs, delayed freight and reduced productivity.

Many South Island businesses and exporters rely on a resilient north-south supply chain. Disruption to ferries, highways, rail, ports or regional air links can therefore quickly flow through to producers, manufacturers and tourism operators, significantly increasing operating costs and weakening competitiveness. This is why infrastructure investment should not simply follow population growth. It should also recognise regional GDP contribution, export generation, freight requirements, economic potential and strategic national value.

If South Island GDP per capita is to lift to at least $130,000 by 2035, our businesses need a long-term infrastructure approach that invests ahead of demand, improves resilience, supports freight productivity and gives businesses the certainty to plan, invest and grow. This approach must include both new capacity and the maintenance and renewal of existing assets.

We are asking the next Government to:

Develop a South Island connectivity plan focused on key highways, alpine passes, port and airport connections, and high-productivity freight movements.

Provide long-term certainty for the infrastructure sector through a clear, staged South Island transport pipeline, including bundled approaches to essential resilience upgrades and maintenance renewals such as roads, bridges and culverts. Drawing on sector-led thinking from Infrastructure New Zealand, this would give contractors, suppliers and councils the visibility and scale needed to plan, invest and retain capability.

Protect and grow the South Island's air connectivity by providing certainty over regional air routes, recognising their importance to South Island businesses, tourism, and regional economic growth.

Deliver the Cook Strait ferry replacement programme without delay, provide certainty by committing to the current replacement plan, and ensure interim capacity and resilience issues are actively managed across all ferry operators.

Ferry-related visitor spend is worth around $376 million a year to the Nelson Tasman region alone, and ongoing disruption constrains visitor flows, adds cost and uncertainty to the more than $20 billion of freight carried across Cook Strait each year, and undermines business confidence across the South Island.

Strengthen coastal shipping as a core part of New Zealand's freight network, recognising its importance to South Island resilience, inter-island connectivity and supply chain security.

Develop a coordinated South Island port strategy that supports long-term port investment planning, improves road and rail connections to key port gateways, and recognises South Island ports as part of a nationally significant freight network.

Invest ahead of demand in the future South Island transport network, including rail, public transport and mass rapid transit where appropriate, with priority given to freight productivity, resilience and access to export gateways.

Make maintenance and renewal of existing infrastructure a core national priority, with long-term funding certainty for the roads, bridges, ports, water infrastructure and other critical assets that support South Island freight and exports, business continuity and community resilience. This should be treated as a productivity investment, not simply asset upkeep.

Ensure the Government's Policy Statement on Land Transport enables long-term co-funding of priority infrastructure projects and supports alternative funding and financing tools that can deliver major transport outcomes faster, including mass rapid transit where appropriate. Central government should lead the use of these tools where they can unlock investment and improve delivery.

Simplify consenting and approval processes for nationally and regionally significant infrastructure, while maintaining appropriate environmental and community safeguards, so critical transport, energy and digital infrastructure can be delivered at the pace required to support growth.

Treat digital connectivity and data infrastructure as nationally significant infrastructure, including international cable connections, regional fibre resilience, data-centre capacity and the energy and network investment required to support them.

Energy

Energy is one of the South Island's major advantages and future opportunities. Reliable, affordable and secure energy can help unlock growth in manufacturing, technology, transport, tourism and primary production, and will be critical to achieving our 2035 ambition. It is also essential to the future of major industrial electricity users, including the Tiwai Point aluminium smelter, that support significant regional employment and economic activity. However, if supply, pricing or network capacity becomes uncertain, energy risks becoming a constraint on investment and productivity rather than an enabler of growth.

New Zealand is reliant on imported energy to power our economy. The recent crisis in the Middle East has reinforced how exposed South Island businesses are to fuel price shocks and imported fossil fuel dependency. Accelerating investment in renewable generation, storage and local energy resilience is therefore not only a long-term growth opportunity, but a practical response to immediate cost pressures and supply-chain risks.

The South Island needs energy policies that support innovation and provide greater certainty around future supply, pricing and infrastructure investment. That means faster delivery of new generation, storage and network upgrades, as well as more localised energy solutions that improve resilience for businesses and communities.

We are asking the next Government to:

Ensure South Island businesses have access to reliable, affordable and secure energy, so energy supply keeps pace with business growth and enables investment and productivity. The Ratepayer Assistance Scheme (RAS) and the Energy Efficiency and Conservation Authority's Government Investment in Decarbonising Industry (GIDI) Fund are two ways to support this.

Accelerate investment in new generation, storage, transmission and local distribution infrastructure by using RMA reform, fast-track consenting and clearer national direction to bring forward critical energy projects, reduce exposure to imported fossil fuel dependency and provide greater certainty around future supply and prices.

Support more localised energy supply, storage and demand management solutions to improve resilience, reduce pressure on transmission networks and give businesses greater protection from price shocks and peak capacity constraints.

Develop a model for temporary, targeted fuel excise and road user charge relief during periods of exceptional fuel price pressure, particularly for freight, tourism, primary production and regional businesses with limited short-term alternatives.

Compliance and Local Government

South Island businesses accept the need for rules that protect workers, consumers, communities and the environment. What they need is a system that is consistently applied regardless of where they operate, and proportionate and practical to comply with. For SMEs in particular, unnecessary complexity takes time, money and capacity away from employing people, investing, growing and contributing to the economy. Poorly designed or overly complex regulation also adds to New Zealand's long-running productivity challenge by making it harder for businesses to focus on innovation and growth.

If the South Island is to lift GDP per capita to at least $130,000 by 2035, compliance settings need to support productivity rather than hold it back. The goal should be a regulatory system that maintains important protections while recognising the realities of smaller businesses and regional employers. This includes local government performance, commercial rates, consenting processes, procurement and resource management settings, all of which directly affect whether businesses have the confidence to invest and grow.

Compliance should be right-sized, consistent and predictable, and applied in a way that enables businesses to focus more of their effort on growth, innovation and productivity.

We are asking the next Government to:

Set the Ministry for Regulation the task of working directly with SMEs, South Island business chambers and other SME representative groups to identify unnecessary, duplicative and disproportionate compliance obligations across legislation, regulation and agency practice.

This should lead to regulatory rightsizing for SMEs, reducing unnecessary compliance while retaining core protections for workers, consumers, communities and the environment.

Ensure employment law settings are appropriately balanced for employers and employees, with clear, practical and proportionate requirements for SMEs, simple guidance, right-sized processes and expectations that are straightforward to understand and comply with.

Depoliticise minimum wage settings by establishing a more independent, predictable and evidence-based process that gives businesses greater certainty when planning for future staffing requirements.

Oppose the reintroduction of Fair Pay Agreements or national awards that would reduce flexibility, increase compliance costs and make it harder for businesses to respond to local conditions.

Use major public infrastructure and construction projects to grow local business capability and regional workforces, including by improving visibility of upcoming work and ensuring procurement settings support genuine opportunities for local subcontractors and suppliers.

Review and lift the GST registration threshold, which has not kept pace with inflation, so very small businesses are not pushed into disproportionate compliance obligations.

Make central and local government procurement rules simpler, clearer and more consistent across councils, so SMEs can participate without unnecessary cost, duplication or complexity.

Improve local government performance for business by reducing unnecessary compliance costs, improving consistency across councils, reviewing commercial rates settings, and ensuring structural reform models create better-resourced, more capable and more efficient councils which are able to support regional growth.

Ensure resource management reform delivers meaningful reductions in consenting costs and timeframes, including clear national direction for farming, primary production and regional infrastructure – with the next Government committing to complete the transition rather than restart the reform process.

Provide clear, stable and workable freshwater settings for farmers and primary producers, so environmental obligations are achievable and prolonged regulatory uncertainty does not unnecessarily delay on-farm investment.

Investment and Capital

The South Island has the natural resources, business capability, export connections and lifestyle advantages to attract more investment. But investors require clear opportunities, stable policy settings and a predictable legislative and regulatory environment to give them the confidence to commit to South Island growth over the long term.

The South Island needs a more deliberate and bespoke approach to attracting and retaining capital if it is to meet our 2035 ambition. That includes more stable overseas investment settings, better access to finance for SMEs, stronger support for innovation and R&D, and tourism funding tools that ensure growth helps pay for the infrastructure needed to sustain it.

We are asking the next Government to:

Encourage more overseas investment in the South Island by making overseas investment settings more consistent and durable over time, with routine decisions made through clear rules and independent processes rather than political discretion.

Improve access to capital for SMEs by working with the banking sector to develop lending options that are less dependent on personal property ownership and better reflect business cashflow, assets, contracts and growth potential.

Strengthen the Regional Business Partner Network's role in helping SMEs become investment-ready, access R&D support, navigate grants and connect with appropriate sources of growth capital.

Establish a national visitor accommodation levy through legislation, alongside a short-term rental accommodation register to ensure the levy applies fairly across all short-stay accommodation types, including Airbnb. Revenue should be ring-fenced for tourism infrastructure and reinvested directly into the regions where it is collected, recognising that both domestic and international visitors place pressure on local infrastructure and services.

Restore the International Visitor Levy to its original purpose and ring-fence the revenue generated for tourism infrastructure projects, with a clear share reinvested directly into the regions where visitor pressure and growth are occurring.

Make the Research and Development Tax Incentive easier to access for SMEs by:

- → developing a simple self-assessment tool to help SMEs understand which grants, incentives and support they may qualify for;
- → simplifying language and reducing reliance on technical interpretations;
- → introducing pre-approval pathways for eligible R&D activity;
- → developing upfront funding or loan-based mechanisms tied to projected R&D spend, recognising that many SMEs cannot wait until after expenditure has occurred to receive support.

Develop a South Island investment fund to connect domestic and international capital with regionally significant infrastructure, energy, tourism and business growth opportunities.

Better leverage major tourism destinations as gateways for international investment and export promotion, including by strengthening InvestNZ's regional presence and showcasing investment opportunities to visiting investors and business leaders.

Exports and International Growth

The South Island is central to New Zealand's export economy. Its primary sector, food processors, manufacturers, educational institutions, tourism operators, technology businesses, biotech, aerospace and emerging industries generate significant national value and connect New Zealand with global markets.

There is also substantial potential to diversify and grow this contribution through aquaculture, digital and data infrastructure, new industrial developments, value-added manufacturing and other export-led opportunities that may emerge over the next decade.

The South Island's universities and tertiary research institutions are also important drivers of innovation, commercialisation and export growth, particularly in areas such as health science, biotechnology, food innovation and technology.

We are asking the next Government to:

Ensure regional exporters have better access to NZTE capability, market intelligence, international connections and export-development support, including for businesses outside the major centres.

Support the development of regional export clusters that connect businesses, research institutions, training providers, infrastructure owners and investors around high-potential sectors.

Examples of where this could work well are in the aquaculture industry which the government has an ambition to grow to a $3bn industry by 2035, and the wine industry which both returns significant economic contribution to New Zealand but also positions us well as a destination and market.

Recognise digital services and data infrastructure as export-enabling industries, including the potential for weightless exports, stronger South Island connectivity and investment supported by renewable energy.

Support the growth of aquaculture and associated supply chains, servicing capability, innovation and value-added processing as a major new source of South Island exports.

Support continued investment, automation, innovation and international competitiveness across the food processing sector. From dairy and meat processing to specialist nutrition products and value-added food production, the sector supports regional employment, drives export earnings and creates demand for engineering, logistics, energy, technology and professional services.

Support manufacturing as a core part of New Zealand's export and supply-chain capability, including through targeted support for automation, robotics and process innovation that drives productivity and improves international competitiveness.

Support export-ready SMEs that are not NZTE clients by partnering with the Chamber network to organise and lead SME trade delegations, including opportunities to align with Ministerial trade missions and leverage government-to-government engagement.

Strengthen university-industry commercialisation pathways by supporting closer collaboration between tertiary research institutions, businesses, investors and exporters.

The South Island Opportunity

The South Island is a nationally significant economic engine. It produces world leading exports, generates energy, manufactures and processes food for the world, supports major tourism activity, is enabled by our universities and tertiary research organisations, and is home to businesses competing in global markets.

Enabling the South Island to grow at pace is not simply a regional development objective. It is an investment in New Zealand's productivity, export earnings, resilience and long-term prosperity.

To realise this opportunity, the next Government must treat the South Island as a partner in national growth. That means moving beyond one-size-fits-all policy and recognising that this diverse and geographically dispersed economy needs the right tools to unlock its full potential. It means investing ahead of demand, supporting businesses to access staff and capital, reducing unnecessary compliance, improving connectivity for people and freight, building community resilience, and ensuring growth helps pay for the infrastructure and services needed to sustain it.

This document sets a clear ambition – to lift South Island GDP per capita to at least $130,000 by 2035, and ensure the South Island sits clearly above the national average. Achieving that will require deliberate action to back the sectors where the South Island has clear competitive advantage, including food and fibre, advanced manufacturing, education, aerospace and biotech, renewable energy, technology and the visitor economy.

The next Government will need to be bold in how it enables that growth, including using alternative funding and financing tools to unlock infrastructure development, partnering with the private sector to improve efficiency, aligning education and training to regional needs and targeting investment toward the infrastructure, skills, innovation and export capability needed to lift productivity and help South Island businesses compete internationally.

With the right settings, we can lift the South Island's productivity, strengthen its communities, unlock its next phase of growth and enable it to make an even stronger contribution to New Zealand's future prosperity.