

EXECUTIVE SUMMARY

# Driving Sustainable Growth: Opportunities for New Zealand's Economy

The case for a sustainable innovation-driven economy

2026

# Technical Contributors



ON A MISSION TO REDUCE EMISSIONS IN NEW ZEALAND



# Introduction

On behalf of the Sustainable Business Council (SBC) and the Climate Leaders Coalition (CLC), we are pleased to present *Driving Sustainable Growth: Opportunities for New Zealand's Economy*.

This report demonstrates that if we pursue an economy driven by innovation and productivity and underpinned by affordable and plentiful renewable energy, New Zealand can unlock a pathway to becoming a more prosperous country, while also delivering positive environmental outcomes.

The opportunity before us is not about small improvements on the margins. It is about the legacy we choose to lay down for future generations, while contributing to tackling one of the greatest challenges we face.

The report estimates the economic prize is an increase of **\$22 billion per year in GDP by 2035**, rising to more than **\$33 billion per year by 2050**, relative to the status quo. At the same time, the report shows that pursuing this sustainable growth pathway would reduce national emissions by **6% per year by 2035** and **22% per year by 2050**, relative to an economy that only relies on the current carbon price path.

The central recommendation of this work identifies the task now is not further diagnosis, but action. Achieving this will require a commitment to a medium-term horizon, and a shared, enduring focus across all the portfolios necessary for economic growth, maintained long enough to deliver economy-wide change.

This report is released amid a period of significant global uncertainty, including energy market disruption, cost-of-living pressures, and the increasing impacts of extreme weather. Some may say this is not the time to focus on New Zealand's long-term growth challenge. We would argue it is precisely because of this context that long-term prosperity and resilience matter. A more affluent and sustainable New Zealand is better placed to withstand shocks, including those affecting energy security.

Drawing on evidence, economic modelling, and New Zealand case studies, it demonstrates how innovation, productivity and renewable energy can combine to unlock a dynamic, high-growth, high-value and increasingly sustainable economy. It demonstrates that sustainable economic growth does not need to come at the expense of our environment, but in fact the two are mutually reinforcing.

Realising this opportunity is critical if New Zealand is to lift living standards, strengthen economic resilience, and remain competitive in a rapidly transitioning global economy.

This report reflects the views of **over 150** of New Zealand's leading businesses, who together contribute **over 45 percent** of New Zealand's private sector GDP.

As the report concludes, if business and government work together to put in place the enduring policies and actions required, the economic opportunity we describe is eminently achievable.

**We look forward to continuing to work together to help deliver a prosperous and sustainable future for all New Zealanders, present and future.**



**Chris Aughton**  
Chair  
Sustainable  
Business Council



**Malcolm Johns**  
Convenor  
Climate Leaders  
Coalition



**Mike Burrell**  
Chief Executive  
Sustainable  
Business Council

# Executive summary

The central finding of this report is that New Zealand has a clear, achievable opportunity to improve sustainable economic growth, while also reducing emissions – and the economic prize is significant.

The report uses economic modelling, international evidence and case studies to quantify the size of the sustainable growth opportunity if New Zealand focuses its efforts and accelerates the adoption of electrification and digital technologies, reinforced by a credible and predictable carbon price.

## ~20%

productivity gap

New Zealand's labour productivity has trailed the OECD average by around 20% for more than 50 years.

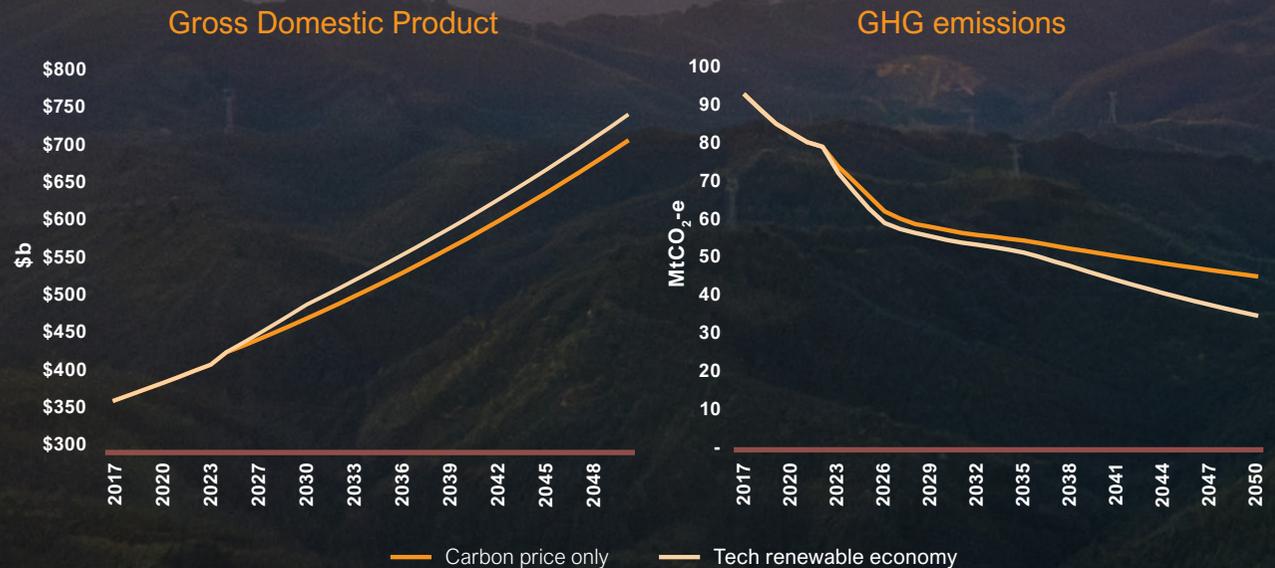
## +\$22.6b

GDP per year by 2035

## -6%

emissions per year by 2035

Compared to carbon price only, transition to an innovation-driven, low-emissions economy could lift New Zealand's GDP by an **additional \$22.6 billion per year by 2035**, and an **additional \$33.6 billion per year by 2050**, while also reducing emissions by an **additional 6% per year by 2035**, and by an **additional 22% per year by 2050**.





## Reinforcing system drivers

Stable and enduring policies + abundant renewable energy + accelerated innovation and productivity + credible carbon price in combination can reduce costs, lift efficiency, and strengthen long-run competitiveness.



## GDP uplift strengthens fiscal capacity

A \$22–\$33b GDP gain would materially expand the government's ability to lift productivity and incomes, fund economic, social and infrastructure priorities and reduce emissions.



## Electrification and digital innovation are key

Targeted R&D investment with electrification and digital technologies can accelerate the diffusion of new solutions, enable optimisation, reduce total asset costs through greater efficiency and renewable integration, and enable automation and new business models.



## Policy certainty is the main barrier

The primary limiter isn't ideas, technology or ambition, but insufficient medium-term policy certainty and coherence for investors and businesses. Stable core policy settings across energy, innovation, infrastructure and climate are needed for returns to be realised.



## Policy architecture needed

Extending the same stable policy approach that's well established in New Zealand's policy architecture - such as monetary policy, superannuation, trade, and increasingly infrastructure - would unlock the opportunity identified in this report.



## National and international precedents exist

Advanced economies including Denmark, the Netherlands and Singapore have lifted productivity while stabilising or reducing emissions. This reinforces evidence already gathered by New Zealand businesses and current and former governments.



## Carbon credibility

A credible carbon price reinforces electrification and digital shifts by rewarding organisations that innovate quickly and efficiently, turning productivity gains into sustained competitive advantage.



## Public Private Partnership

Partnership between business and government is recommended to establish essential enduring policies and drive the actions required.

# Actions for business

This report reveals a need for business to show leadership in developing a shared economic vision for New Zealand. We will work with business, government and other parties to agree on this shared vision and enable a commitment to long-term economic policies. The recommended actions are:

01

## Lead and advocate

for a shared economic vision  
for New Zealand



02

## Strengthen resilience

to economic and  
environmental shocks



03

**Collaborate  
and partner** to tackle  
shared bottlenecks



04

**Build workforce**  
readiness for a digitised,  
electrified economy



# Joint actions for business & government

The following recommendations highlight the core areas where government and business need to work together to unlock the economic prize we have described in this report:

- 05 Develop a **joint business-government medium-term action plan for New Zealand's energy system** centred on abundant, affordable renewable energy as a key foundation of New Zealand's economy, enabling economy-wide electrification.
- 06 Establish a **public-private partnership** to reduce industrial dependence on imported fuel and fossil-based process heat, unlock electrification, and increase low carbon energy sources and digitally enabled alternatives.
- 07 Develop a **joint government-business national transport fleet resilience plan, including coordinated electrification roadmaps**, to decarbonise our transport system as insurance against future fuel shocks.
- 08 Keep New Zealand globally connected and competitive by **maintaining pace with international expectations for sustainable fuel use in aviation and shipping**.
- 09 Establish a **long-term innovation** plan focused on scale up and commercialisation of New Zealand and international research, moving solutions from formation stage towards acceleration and rapid growth.
- 10 **Improve the effectiveness of the New Zealand Emissions Trading Scheme (NZ ETS)** by setting a strong and predictable market-based carbon price that creates incentives necessary for decarbonisation while delivering productivity gains.



## About SBC



The Sustainable Business Council (SBC) is a CEO-led membership organisation of more than 125 businesses from all sectors, ambitious for a sustainable Aotearoa New Zealand. Members represent more than \$175 billion of collective turnover, 42 per cent of GDP, and around 275,000 full-time jobs. Our network gives members the ability to take large-scale collective action. SBC is part of the BusinessNZ network and is the Aotearoa New Zealand Global Network partner to the World Business Council for Sustainable Development.

[www.sbc.org.nz/about/our-members/sbc-members](http://www.sbc.org.nz/about/our-members/sbc-members)

## About CLC



Formed in 2018, the Climate Leaders Coalition has a mission of having New Zealand business CEOs leading the response to climate change through collective, transparent and meaningful action on mitigation, adaptation and transition. Together their signatories represent 30% of GDP, employ around 9% of Aotearoa New Zealand's full-time employees, and have a collective turnover of \$123 billion.

[www.climateleaderscoalition.org.nz](http://www.climateleaderscoalition.org.nz)

## About Beca



Beca, one of Asia Pacific's largest independent advisory, design, and engineering consultancies, is a member of SBC. Founded and headquartered in New Zealand for over 105 years, and employee-owned, Beca designs, creates and optimises assets and infrastructure to build a better future for clients and communities across Aotearoa New Zealand.

With sustainability at the heart of this kaupapa, we are passionate about the big picture, and delivering the social, environmental and economic outcomes needed for a more resilient, and prosperous tomorrow.

We understand the most positive impact we can have today is by working with our clients, our people and our communities – to achieve sustainable and prosperous outcomes for our planet tomorrow. This deep connection with people and place over so many years helps inform a truly holistic and learned approach to our work - *kiawhakatōmuri te haere whakamaua*.

## About Sapere



Sapere is one of the largest expert consulting firms in Australasia, and a leader in the provision of independent economic, forensic accounting and public policy services. We provide independent expert testimony, strategic advisory services, data analytics and other advice to Australasia's private sector corporate clients, major law firms, government agencies, and regulatory bodies.

'Sapere' comes from Latin (to be wise) and the phrase 'sapere aude' (dare to be wise). The phrase is associated with German philosopher Immanuel Kant, who promoted the use of reason as a tool of thought; an approach that underpins all Sapere's practice groups.

We build and maintain effective relationships as demonstrated by the volume of repeat work. Many of our experts have held leadership and senior management positions and are experienced in navigating complex relationships in government, industry, and academic settings.

We adopt a collaborative approach to our work and routinely partner with specialist firms in other fields, such as social research, IT design and architecture, and survey design. This enables us to deliver a comprehensive product and to ensure value for money.



# Acknowledgements

This report has been commissioned by SBC and CLC.

We would like to thank our sponsors, the British High Commission, DB and BusinessNZ without whom this work would not be possible.

Sapere (Corina Comendant and Toby Stevenson) and Beca (Tom Kelly and Sam Turner) contributed specialist technical advice and modelling expertise, which formed the analytical foundations of the report. CGE modelling was provided by Qiave. The use of and reliance upon the information or opinions contained in this document by others without prior written consent will be at such person's sole risk. The authors accept no responsibility or liability for the consequences of the unauthorised use of this document.

We acknowledge both SBC and CLC member businesses and other organisations who contributed to this work. We would also like to acknowledge the input of Mike Burrell, Alex White and Rebecca Lowe in developing this report.

We would like to thank Chapman Tripp for their ongoing pro bono support for SBC and CLC.

We also thank all the businesses, industry experts and stakeholders who provided information, participated in interviews and shared their insights and experiences. Their input has been invaluable in shaping the findings and recommendations presented in this report.

# Acknowledgements

## **SBC and Climate Leaders Coalition (CLC) member Case Study Contributors:**

- Chorus
- Christchurch International Airport
- DB Breweries Ltd. & Pioneer Energy
- Enviro NZ Services
- Genesis Energy and ChargeNet NZ
- Meridian Energy
- Ngāti Whātua Ōrākei
- Pāmu Landcorp Farming
- Port Nelson
- Toyota New Zealand

## **Other SBC member contributors:**

- Air New Zealand
- AgriZero<sup>NZ</sup>
- ASB Bank
- Auckland Council
- Auckland Transport
- AUT: Auckland University of Technology
- Fletcher Building Ltd. & The Golden Bay Cement Company
- Fonterra
- Kantar Insights New Zealand
- New Zealand Steel
- Silver Fern Farms
- Synlait Milk
- The Todd Corporation
- Transpower New Zealand
- Westpac Banking Corporation
- Woolworths NZ

## **Non-Member Contributors:**

- EV Maritime
- Hayes Metals
- MacDiarmid Institute



Driving Sustainable Growth: Opportunities for New Zealand's Economy

2026