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BUSINESS ROUNDTABLE COCKTAIL FUNCTION

CHAIRMAN'S REMARKS

ROB MCLEOD
CHAIRMAN
NEW ZEALAND BUSINESS ROUNDTABLE

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Welcome, and thank you all for coming. We're delighted that so many of you have been able to join us this evening.

It's less than two weeks since the general election and the change of government.

We congratulated John Key on becoming New Zealand's 38th prime minister.

His government is taking office at a difficult time and we have offered him our support in facing the challenges ahead.

We're looking forward to discussing the government's programme with the new minister of finance and acting prime minister Bill English at our meeting tomorrow.

I think it's fair to say that the country badly needs a change of direction.

We said from the outset that the policies put in place by the last government to achieve its laudable goal of raising New Zealand's relative living standards and place in the OECD rankings could not succeed, and that they would move New Zealand further away from that goal.

It gives us no satisfaction to have been proved right.

The country's rate of productivity growth slumped, and the economy was in recession well before it was hit by the international financial crisis.

Now budget surpluses are set to disappear; inflation at over 5 percent is the highest for many years; wage pressures are severe at a time when unemployment is growing; companies have been knocked around by government interventions; the sharemarket is dwindling into insignificance;

and taxpayers are getting poor value for all the money that has been poured into health and education.

Governments, especially ones with ballooning numbers of public servants, can't create wealth. All they create is a deadweight burden on the productive sector of the economy.

And while a safety net is needed, policies to redistribute income can't do a great deal to help low-income people either. We need to bake a bigger cake, not keep slicing it up.

We hope the government realises the extent of the problems it has inherited, and will move swiftly to remedy them.

We also hope that the Labour Party under its new leader Phil Goff will rethink its policies and bring them more into line with those of modern Labour parties in Australia and other countries.

As an organisation we will remain resolutely non-partisan and willing to work with any and all parties interested in promoting growth.

New Zealand needs the kind of political consensus around pro-growth policies that Australia has achieved.

It's pleasing the government has committed itself to closing the income gap with Australia by 2025. We can't afford a continuing flight of people, capital and businesses across the Tasman.

We must all press for credible policies for achieving that goal.

The top priorities in the Business Roundtable's work programme are productivity and economic growth.

To grow the economy we see a need to strengthen the country's fiscal and regulatory 'constitutions' so as to curb excessive government spending and

regulation. We are pleased to see that task forces to explore these ideas feature in the confidence and supply agreements.

The early development of a clear and consistent medium-term economic strategy will be critical to sustaining business confidence in the difficult period ahead. Short-term, pump priming expedients are not the answer.

An urgent task is to regain international competitiveness.

To do this we have to reduce significantly the large current account deficits that have left New Zealand so exposed to the tightening of international credit markets.

We have to shift resources from domestic sectors of the economy to export and import-competing industries.

That puts a premium on decisive action to rein in unnecessary government spending, reduce costly regulation and help the economy adjust. Labour market flexibility, the Resource Management Act and climate change policies are issues that come to mind.

At the same time the Business Roundtable is continuing to take a strong interest in other major policy areas such as local government, ACC, health and education.

Today we have released a fourth Working Paper on Maori issues. It was written by former minister of Maori Affairs John Luxton, and it considers the future of Te Puni Kokiri, the Ministry of Maori Affairs.

In passing, I would note that we value our relationship with the Maori Party and believe it has the potential to play a very constructive role in the new government, particularly in areas such as education and social welfare. We have a common interest with Maori in better protection of property rights – which is the subject of a study we published recently.

And we are very pleased that the Maori Party has been brought into the government. If its ministers can help take the country forward in areas like social welfare and school choice, they will perform a huge service.

We have had another busy year with initiatives aimed at improving public understanding of economic and social issues.

These have included a programme of speaking engagements by many of our members, another Dunes Symposium on public policy for emerging business leaders, student and CEO forums, and support for university debating societies.

Our flagship Sir Ronald Trotter Lecture to be delivered by Stephen Jennings, a Business Roundtable member and CEO of the investment bank Renaissance Capital based in Moscow, had to be postponed because of the turmoil in financial markets.

However, it is now rescheduled for 7 April next year at Te Papa in Wellington.

I'd like to take this opportunity to acknowledge our membership of some 50 CEOs and our affiliate and alumnus members – we depend on their input and backing, and we are grateful for their support.

I'd also like to recognise our strong working relationships with other major business organisations, particularly Business New Zealand, EMA (Northern), Federated Farmers and the New Zealand Chambers of Commerce. We see eye-to-eye on a wide range of issues and have joint ventured on many occasions.

And we'd like to see more business leaders step up and join forces in taking an interest in national affairs.

Those of us fortunate to head significant organisations have an obligation, I suggest, to do whatever we can to give a lead to the public and help governments achieve shared goals.

At the end of the day, business will only do well in a prosperous, dynamic economy and a cohesive society, and it is incumbent on all of us to promote policies for a better New Zealand, in the interests of all New Zealanders.

That has been, and remains, the mission of the Business Roundtable.

So on behalf of our membership, may I say that I hope we can all pull together through the present period of economic stress, redouble our efforts to help get the country back on track, enjoy the company here this evening, and look forward to the festive season that is now almost upon us.