

EMBARGOED UNTIL 5.30 PM THURSDAY 15 APRIL 2004

NEW ZEALAND BUSINESS ROUNDTABLE COCKTAIL FUNCTION

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CHAIRMAN'S COMMENTS

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CHAIRMAN  
NEW ZEALAND BUSINESS ROUNDTABLE

WELLINGTON  
15 APRIL 2004

## Chairman's Comments

2004 is shaping up to be a busy year for the Business Roundtable. We have a full programme of activities ahead.

In August we'll be hosting eminent legal scholar Professor Richard Epstein from the University of Chicago on his fourth visit to New Zealand.

In September the Sir Ronald Trotter lecture will be given by Martin Wolf, the associate editor and chief economics commentator at the London *Financial Times*.

We'll be publishing studies on ways of strengthening the Fiscal Responsibility Act and on the role of business.

We'll also be publishing a book on the state of the family in New Zealand, and our study looking at ways and means of improving outcomes for Maori is progressing well.

There have certainly been some big changes on our political landscape recently. There is a contest in politics again. That is healthy – governments need a strong opposition.

I think there's an increased willingness to look honestly at the challenges facing the country without the complacency and the rose-coloured spectacles of recent years.

This is particularly pleasing for those of us in the business community who've been arguing for some time now that New Zealand runs the risk of falling behind comparable countries.

The business sector can be proud of the way it has stuck to its guns.

The 'Mood of the Boardroom' survey in the *Herald* last month had three clear messages.

First, there was almost unanimous agreement that New Zealand lacks a serious growth strategy. There was an equally big thumbs down to the proposed changes to the Employment Relations Act.

Secondly, there was no material difference between the views of large and small firms on business issues.

Thirdly, there was no difference between the views of representative business organisations and individual business people.

On a wide range of issues, business groups have pulled together to form a strong chorus of voices. The Business Roundtable works closely with the other two major national business organisations, Business New Zealand and Federated Farmers, and we value their work and support.

We have been united in our concern over issues which we feel are hindering both business and New Zealand's economic potential – issues such as changes to holidays and employment law; growing regulation and compliance costs; the RMA; the critical state of roading and electricity; and the lack of interest in sound tax reform.

For the Roundtable's part, we've based our positions on research and evidence. We believe that if your research is solid and you argue your position well and consistently, over time the message will get through.

Last month the *Herald* had a big feature article, 'The Return of the Roundtable'. Perhaps this was encouraging but I think it largely missed the point.

What matters is not who belongs or who's in and who's out in Wellington, which was the thrust of the article. It's whether an organisation's ideas are sound and are influencing public opinion at large.

Last month our website had over 50,000 hits for the first time, double the number this time last year. Some people out there must be listening.

There is still a great deal to be done to achieve the goal of a growing, dynamic economy for the benefit of all New Zealanders.

For the Roundtable, economic growth remains our key theme.

Economic growth is not some esoteric goal. It's the key to achieving the standards of living, quality of social services and environment New Zealanders expect.

This year marks the 20<sup>th</sup> anniversary of the change of government in 1984 and the beginning of a period of economic reform which halted our relative decline and, for a time, achieved world-leading rates of economic and employment growth.

The economy is still much more efficient and flexible, and we don't hear the government talking about the 'failed policies of the past' very often now.

But while there is no strong desire to go backwards, for a full decade now there has been none to go forwards either. And bit by bit a sound economic framework is being eroded, and projections for medium-term growth are tailing off.

So what can the business community do to reignite meaningful reform?

At a broad level, we must continue to promote a stronger public and political pro-growth and pro-reform constituency.

We've seen that events can happen that change a country's mood dramatically, but in their absence the hard slog of argument and debate has to continue.

If we want greater prosperity we need businesspeople to speak out in support of sound policies for growth and against anti-growth initiatives.

We shouldn't underestimate the impact of an even stronger and clearer chorus of voices from business organisations and individual business leaders.

We must continue to stand firm, particularly on changes to employment legislation.

It's to the government's credit that public pressure has led it to rethink its policies in a number of areas. That, after all, is what you'd expect in a democracy.

We want to stay engaged with the government. We don't mind which party is in office provided they are advancing policies that are in the national interest.

We have Paul Swain coming to our meeting tomorrow to discuss employment law. We will be saying we think the bill is ill-conceived and unnecessary, and we hope he will be listening.

Michael Cullen has been saying that by mid-year it will be clear whether the economy is on a higher long-term growth path. We think next month's budget will show that it isn't, and if so the government should be prepared to reconsider its economic strategy.

Ultimately it will be for the electorate to decide whether it is happy for Australia and other nations to continue to outperform us, or whether it wants New Zealand to achieve its true potential.

We look forward to working with you and other people in business on the many issues which need to be addressed in the interests of a better New Zealand.

Thank you for listening and enjoy your evening.

