

NZBR Cocktail Function
17 November 2005
Rob McLeod

- Welcome
- I'm Rob McLeod, chairman of the Business Roundtable
- thanks for coming

It's great to see such a good turnout.

It's particularly good to see so many elected representatives. I would like to acknowledge the members of parliament and representatives from local government in Auckland who are with us this evening.

I'm pleased to report that the Business Roundtable is in very good heart. We've had a busy and productive year and we have a full programme for 2006.

Our most recent major event was the annual Sir Ronald Trotter Lecture. It was delivered by Professor Tyler Cowen from George Mason University to a full house at Te Papa, on the topic *The Future of Culture in a Globalised World*.

Throughout the year, work has been progressing on our Maori economic development project and we plan to release some of the chapters independently, beginning early next year.

The past year has seen an increased focus on Maori business and economic development, with the centrepiece being the Hui Taumata in which the Business Roundtable played an active role.

The topic was a major theme of the maiden speech of Labour MP Shane Jones this week. He was recently appointed chair of the finance and expenditure select committee and will address our regular meeting in Auckland tomorrow.

The Roundtable's website is a major communication tool and over the past year we've seen record levels of activity on the site: hits were up by 50 percent in September over the same time last year, with a total of 96,000 hits that month.

Upcoming areas of attention for the Roundtable include

- the growth of government spending, much of which we think is not good value for money

- tax: we favour a lower, flatter tax structure as advocated in the tax review I chaired in 2001. We were pleased to see the Treasury backing this strategy in its briefing paper yesterday
- education, in particular school choice, through the Education Forum which brings together business and education sector people
- infrastructure, particularly roading and electricity
- the Resource Management Act, and
- the regulatory juggernaut affecting many sectors of business.

Roderick Deane will be addressing our meeting tomorrow on the topic of regulation. Also we'll be hearing from Alan Gibbs with an international perspective on the business and economic outlook.

Tomorrow night at a function in Wellington, we're hosting Senator Nick Minchin, Australian Federal Minister for Finance and one of the heavy hitters in the Howard government.

Australian treasurer Peter Costello has been invited to address our annual retreat in February next year. We've also invited Prime Minister Helen Clark to join us.

So 2006 is shaping up well.

They say fortune favours the bold, and, I would add, those who persevere despite flak and criticism. Issues in which we've invested a lot of effort have come to the forefront of public debate.

Tax and education have been two of the Roundtable's main areas of focus. It was pleasing to see tax emerge as a major issue in the election. Strong policies for school choice were also put forward by a number of parties.

In the lead-up to the election business organisations continued to emphasise the importance of growth and sound policies.

In this regard I'd especially like to acknowledge the work of Alasdair Thompson from the Northern Employers and Manufacturers Association.

From the point of view of business and the economy, there are some promising signs arising out of the election and the formation of the new government.

The coalition negotiations have produced a government more centrist in shape, with the prospect, for example, of reductions in business tax and the possible scrapping of the carbon tax. The government has said that it will focus more on the economy.

The Prime Minister has also spoken of governing more inclusively and building a better rapport with business. This is very welcome, and we look forward to working with ministers in the new cabinet.

For engagement to be meaningful, the government will need to listen to the opinions of representative business organisations, not just a few handpicked business people.

It's also pleasing to see a revitalised opposition which should ensure more rigorous examination of legislation, particularly given the make-up of select committees.

For our part, we don't mind which parties and governments adopt policies that will take the country forward; indeed we want to see a consensus around sound policies.

Clearly the election did not change the economic challenges and opportunities the country is facing. The short-term outlook for the economy is becoming more difficult.

Thanks to the work of past reforming governments, we have a more efficient and flexible economy today that is continuing to deliver good results. But for more than 10 years, governments in New Zealand – unlike in Australia – have moved backwards rather than forwards overall.

Why has Australia moved ahead? Is it some reflection of national character?

One English visitor writing recently in *The Spectator* observed that "New Zealand is everything that Australia is not. While Australia exhibits the characteristics of a thrusting alpha-male," he said, "New Zealand remains stuck in sullen adolescence."

While this is not entirely fair, I think it contains a grain of truth. Australians seem determined to be citizens of a leading country. Their governments have kept on keeping on with economic reforms to meet the challenges both our countries face.

In the period ahead, the costs of our recent teabreaks and policy backsliding are likely to become more apparent. The economy will also be facing economic headwinds in the form of higher oil prices, inflationary pressures, and a loss of competitiveness.

Higher living standards for all do not come about by accident or luck. They require prudence, planning, high quality institutions and policies, and hard work – at both government and business levels.

Only a rising tide of economic progress can raise living standards for all. A focus on redistribution is misplaced. There needs to be a stronger focus on sustainable growth of the economy.

The Business Roundtable and most business organisations today are promoting policies for a more prosperous New Zealand, not for protection and privilege.

Sound policies should also reflect social and environmental goals.

We must redouble our efforts to persuade political parties and the community that New Zealand can do much better.

We need more business leaders supporting organisations that are engaged in public debate and giving a lead to the community.

They should not stay below the parapet and hope that somebody else will carry the fight.

For our part, we'd like to see more participation in our ranks from some of the large businesses that have done well in the new environment.

A business community speaking from a position of solidarity can be a powerful force for achieving sound policies.

Ultimately it is public understanding that determines where a country goes. When public attitudes change, governments change their policies or voters change governments.

That's the way it should be in a healthy democracy and why our main focus is on researching and promoting sound policies to the community at large.

We look forward to working with you and other people in business and the community in the interests of a better New Zealand.

Thank you, and please enjoy the evening.

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