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NZ votes for change – start with the economy

An emphatic vote and the will for change have placed a National led Government into office promising a better economic future. The New Zealand Manufacturers and Exporters Association (NZMEA) say that delivery on this promise will require more than just tax cuts and business as usual. Policy changes need to focus on the supply side of the real (tradeable) economy, promoting wealth creation and investment.

The real economy has always mattered, and in the midst of a meltdown in the financial sector, the tradeable economy becomes even more important. The NZMEA released a set of policy outcomes that would assist the trade economy before the election:

- The use of a broader range of policy tools to control inflation that support trade weighted interest and exchange rates. Consistently lower and more stable interest and exchange rates are necessary to encourage long-term investment in productive exporting businesses.
- A Research and Development (R&D) tax credit to encourage innovation and the development of new products across the real economy.
- A first year write-off for productive plant and patent expenditure to encourage investment in new product development and intellectual property protection.
- Balanced taxation on both capital and revenue accounts.
- Enforcing national product standards to ensure local producers and importers are on a level playing field. This includes mandatory country of origin labelling to give consumers choice and enhance the value of the 'New Zealand' brand.

NZMEA Chief Executive John Walley says, "The National party have stated their goal to increase New Zealand's exports to 40 percent of GDP by 2020; this cannot be achieved with our current policy settings."

"Our economic problems are not new; we should not hide behind the financial crisis as an unavoidable global event. Downturns will always occur, but the extent to which individual countries are affected depends on their policies."

"The economic crisis threatens to make things difficult for our new Government, but it also presents opportunities to realign our economic settings to support wealth creation, and that means delivering on the issues that matter to the tradeable economy."