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Creating 'iconic' firms

John Key has revealed that company bailouts are possible for certain "iconic" New Zealand companies and Fisher and Paykel Appliances seems to make the grade despite moving most of their production offshore. The New Zealand Manufacturers and Exporters Association (NZMEA) say that the Government needs to focus policy on creating iconic firms, rather than bailing them out.

NZMEA Chief Executive John Walley says, "The fact is that F&P Appliances would have never decided to move offshore if our Government policies were conducive to exporting. At over 70 cents to the US dollar operations in New Zealand were not viable, as was the case for many New Zealand exporters. Since making the decision to go offshore a few years ago New Zealand jobs at F&P Appliances have fallen from around 3500 to about 1600."

"Changes that will help all exporters succeed need to be thought through – not just knee jerk reactions. A new method to manage inflation is needed to stabilise the external economy so that exporters are not exposed to wild fluctuations in the exchange rate and are better able to anticipate returns. Tax changes such as the reintroduction of the Research and Development tax credit and a more equitable tax system that includes capital gains are also necessary to ensure that investment flows into productive parts of the economy, rather than into consumption and assets."

F&P Appliances employ around 1600 New Zealanders in a worldwide workforce of 4000. Key has described the potential loss of these jobs as "unacceptable", but this comment has been tempered by Bill English who said that "There is a worldwide recession. We can't protect everybody".

"The comment that we can't protect everybody is absolutely true," says Mr. Walley. "However, a supportive policy framework could do more to help the productive economy. Bailing out specific companies, particularly those who have the majority of their workforce offshore, will only create questions over the criteria for assistance. Implementing policies that promote productive activity will ensure that our existing icons fare better and that new icons will join them on the world stage with the jobs that follow."