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New Zealanders' tax cut expectations relatively modest

The \$2.6 billion cash surplus announced by the Government yesterday would meet the tax cut expectations of nearly two in every three New Zealanders.

Nationwide research undertaken for the New Zealand Business Council for Sustainable Development showed 66 percent of New Zealanders would accept a tax cut of \$20 a week or less.

It is estimated that a \$20 a week cut for all personal income tax payers would cost the Government about \$2 billion.

The ShapeNZ survey on tax expectations undertaken for the Council covered over 800 people nationwide.

It showed 48 percent of those surveyed would accept a tax cut of \$10 or less a week.

Almost half those surveyed (49%) also said a personal tax cut policy which also maintained social spending would be a big influence on their vote at next year's election.

The research has been conducted ahead of the Business Council's Business Budget Summit 2007 on November 1 where 80 chief executives and Government ministers will discuss personal tax reform.

"There is an overwhelming public support for personal tax cuts, provided we don't need to cut social spending or put up prices and interest rates" says Business Council Chief Executive Peter Neilson.

"But it is vitally important to get any changes to the tax system right for the long term if New Zealand is going to be able to compete for skills and investment in a global marketplace. This is particularly important for skilled young people deciding whether they'll stay in New Zealand for their career or go overseas.

"The Government needs to signal the path for long - term tax reforms to create a stable and attractive climate for investment in New Zealand - well beyond the next budget or the next election," Mr Nielson said.

The full personal tax reform survey results and commentary can be found at <http://www.budgetsummit.org.nz>

The ShapeNZ survey remains open to the public at www.shapenz.org.nz until October 31.

Ends

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The Business Council believes sustainable businesses are profitable, contribute to social progress and ecological balance – and protect New Zealand's quality of life. The Business Council's 60 members jointly employ more than 60,000 people in managing resources,

manufacturing, retailing and the service sector. Members contribute annual sales of \$44 billion to the economy, equivalent to 34% of GDP. The Business Council runs a national online survey panel, ShapeNZ, to allow public input on major issues. The panel is built from purchased lists and is representative of the population as a whole, compared with the 2006 census. ShapeNZ members register and provide demographic and previous party vote information to ensure results can be accurately weighted to reflect the New Zealand population. Registration is also available at www.shapenz.org.nz