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Media release

New Zealanders want tax cuts, but not at the cost of social services

Nearly eight out of every ten New Zealanders want a personal tax cut.

But more than half would oppose tax cuts if they meant reductions in spending on health, education or welfare.

And at the next election, most would be inclined to support the party which best balances these two positions.

These views have been revealed by nationwide research undertaken by ShapeNZ for the New Zealand Business Council for Sustainable Development.

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 demand for personal tax cuts and a strong view the Government can afford to make them," says Business Council Chief Executive Peter Neilson.

There are huge political stakes involved in how the tax reform issue is managed.

THE PUBLIC MOOD AND EXPECTATION

The ShapeNZ survey questioned 846 respondents nationwide between September 29 and October 1 on their attitudes to a number of taxation issues. Among the findings:

- 62% of voters say tax policy, and its design, will be the main policy to influence how they cast their party votes at next year's general election: 13% say a personal tax cut will be the single biggest factor influencing their party vote at the next election, while another 49% say a personal tax cut policy which also balances the need for continued social spending will decide their party vote. 32% say issues other than tax will be the main influence on their party vote.
- 76% of New Zealanders believe the Government should lower personal taxes
- 72% believe tax cuts are affordable.

Asked what size of tax cut would be personally acceptable to them, 66% of New Zealanders chose a modest \$20 a week or less (21% \$5 a week, 27% \$10 a week, 18% \$20 a week). These choices would cost between \$500 million and \$2 billion a year. 13% want \$30 or \$40 a week from personal tax cuts.

The survey, at a confidence level of 95%, has a maximum margin of error of 3.5%.

Respondents are a representative sample of the New Zealand population, compared with the 2006 census, and results are weighted by age, gender, personal income, employment status and party vote 2005. The ShapeNZ panel is built from purchased lists and is representative of the population as a whole. Panel members register and provide demographic and previous party vote information to ensure results can be accurately weighted to reflect the New Zealand population.

The Ministers of Finance and Revenue will be attending the summit which will also look at how to fund health long-term, and help solve workforce skills shortages.

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