



RETAIL NZ CALLS FOR ELECTION SPENDING RESTRAINT

Retail NZ is calling on all political parties to rein in their election spending promises, after revelations that the major parties are promising to increase Government spending by between \$7.6 billion and \$25.9 billion over the next three years.

"The reality is that any Government can only spend money that it takes from consumers - and even if spend-ups are being funded by deficits, that money still needs to be paid back by taxpayers over time," Retail NZ's General Manager for Public Affairs Greg Harford said today. "While there may be a need for the Government to increase its spending in some areas, the scale of current election promises dwarfs anything we have previously seen. We are calling on all political parties to think about the consequences of their spending decisions on those who have to pay, and on industries like retail that are affected when money is taken out of the economy.

"In New Zealand, there are about 27,000 retail businesses, the majority of which are small single-store retailers. Collectively, the sector turns over about \$83 billion a year, and employs around 209,000 people - about 10 per cent of the total workforce. The retail sector is under real pressure from competition and constrained consumer spending - and a key factor in that are taxes levied by central Government and rates levied by local councils.

"Whatever the make-up of the new Government, if it focused on reducing taxes rather than increasing Government spending, it would give money back to household consumers, who would then be free to make their own spending decisions. It's likely that any tax relief would stimulate the retail sector, as well as giving households breathing space to repay debt. The benefits of

reducing spending would likely be substantial - NZ First's spending plans for new spending alone are about a quarter of total retail spending across the country, and if even only a portion of that were returned to consumers, there would be a substantial boost for the retail sector, and likely the creation of new jobs.

"Retail NZ is not taking a position in support of any particular political party, but it is asking all parties to think about the benefits for retail and the broader economy of stepping back from large election bribes and letting consumers make their own spending decisions."

Note for editors: The Taxpayers' Union has calculated the cost of new spending promises by political parties as at 5 September to be: NZ First \$25.97 billion; Labour \$22.82 billion; Maori Party \$12.17 billion; the Opportunities Party \$10.69 billion; Green Party \$9.94 billion; and National \$7.62 billion. Only Act is planning to limit Government spending, proposing to return \$2.43 billion to taxpayers. See http://www.taxpayers.org.nz/bribe_o_meter

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