

26 May 2016

New Zealand's vision for more diversified economy supported by strong well-rounded budget

Global accounting body, CPA Australia says today's budget delivers on New Zealand's vision to develop a more diversified economy.

CPA Australia chief executive, Alex Malley said the investments announced today, particularly in areas of science, innovation and training, would have longer term benefits for the country's economic position.

Today's announcements will see cross-government investment in science and innovation increase to \$1.6 billion annually by 2019/20.

"Investing in the country's science and innovation capability is exactly the type of investment that can lead to real transformation," Mr Malley said.

"Too often we hear governments talk about the importance of innovation without anything meaningful behind it. The measures in today's budget will build capability and assist in the rapid commercialisation of ideas."

"The jobs of the future and the growth industries of the future will come from the ideas of today."

"Investment in areas of science and innovation make New Zealand an attractive place for the best and brightest to build their careers, leading to new innovations and technologies with export potential."

"Investing \$257 million over four years for tertiary education and skills development in key areas such as science, engineering, agriculture and trades will create the workforce New Zealand needs."

"Overall, New Zealand is in a strong economic position and today we saw a fiscally responsible budget underpinned by steady growth figures, falling debt, falling unemployment and rising wages."

"In his eighth budget, Bill English has delivered a strategically savvy budget which does much of the heavy lifting required to improve the underlying budget position, while still being able to address a number of key social policy issues."

"This is a well-rounded budget with significant investments in health, infrastructure and social investment in areas that address the needs of some of New Zealand's most vulnerable people," Mr Malley said.

Income Tax

Today's budget made no specific commitment to reducing income taxes.

"The Government has been clear that the reduction of income taxes remains a priority but only when economic and fiscal conditions allow. In the broader context of the budget this is prudent and seems appropriate. We would imagine this will remain an issue in the lead up to next year's election."

SME tax package

The budget also contained details of support for small business through a SME-friendly tax package.

“The changes to the payment of provisional tax announced in April and included in this budget will assist in the reduction of compliance costs and will ease the cash flow burdens that are often experienced by small business.”

“These are positive changes and we are always supportive of initiatives that address the compliance burden on business.”

Inland Revenue Administration System

CPA Australia acknowledges the Government’s commitment to invest in Inland Revenue’s new tax administration system.

“The development and delivery of new systems is rarely without complication, but a more simplified administration system is required and the benefits will be realised over time.”

Tax compliance

CPA Australia also notes that the Key Government is being responsive to the global issue of ensuring multinational companies contribute the appropriate amount of tax to the various jurisdictions where they operate.

“The incremental law reform and multilateral efforts led by the OECD and G20 to tackle Base Erosion and Profit Shifting (BEPS) must continue to be supported and we note the progress that is being made.”

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