

The Main Report Sacred Cows Survey Results

Leading up to the election, we asked our readers to participate in *The Main Report "Sacred Cows"* survey. Should we or shouldn't we put these issues on the table for debate at a critical time in the country's development?

The reason: Both major parties are stuck in a rut and won't go near these "sacred cows."

We wanted to know where people stood on these issues, not just whether they supported the proposal or not, but their comments as to why.

The Main Report Group publishes: *Trans Tasman Political Week*, *NZ Energy & Environment Business Week*, *NZ Transport Intelligence Business Week*, *The Main Report Business Week*, *NZ Health & Wealth Report* and *NZ Agri-Business Week*. Our database profile includes:

- Politicians, civil servants, embassies, financial and legal industry associations, business executives;
 - Road, rail, sea air operators, customs brokers, forwarding agents, importers and exporters;
- Energy & environment professionals, service providers, legal advisors, local Government planners;
 - Dairy, sheep, meat & wool and arable farmers, agricultural executives.

534 people responded to the survey. As well as answering the specific questions, respondents also provided reasons for their choices. These provided as much insight as the top-line survey result

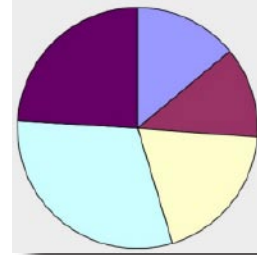
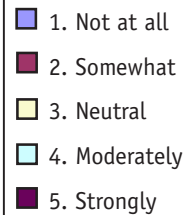
Max Bowden
Publisher, Editor In Chief
Monday 17 October, 2011

Behind The Numbers - Main Points For Consideration With This Survey

- Labour is campaigning the election is a choice between Capital Gains Tax (CGT) and Asset Sales. However 18% of our respondents support both a capital gains tax and partial asset sales.
- There are some interesting differences between supporters of MMP and opponents of MMP. MMP supporters tend to favour a CGT (68% in favour) while opponents are opposed (67% against).
- Likewise 60% of MMP supporters are against partial asset sales, while amongst MMP opponents the same number (60%) are in favour.
- Some issues resonate regardless of the views on MMP. Strong support for raising the retirement age, supporting more immigration from MMP supporters and opponents, plus strong opposition to selling land and rural assets to foreigners.
- One ironic result is with the Maori seats. MMP supporters are split on retaining the seats with 35% in favour and 37% against. Amongst MMP opponents, only 9% are in favour and 82% opposed. The irony is under First Past the Post the number of Maori seats would grow from seven to 12.
- As to whether Parliament has too many MPs, only 38% of MMP supporters agree compared with 75% of MMP opponents.
- MMP supporters are also more interventionist, with 38% supporting a more economically interventionist Govt compared with 19% of MMP opponents.
- There is an interesting correlation between those who support raising the retirement age and those who support a capital gains tax. Only 24% of those who are against increasing the retirement age support a CGT, while 52% of those who support increasing the retirement age also support a CGT. They are presumably the fiscal hawks.
- We also get a correlation between support for raising the retirement age and supporting partial asset sales. Partial asset sales are only supported by 38% of those again raising the retirement age and by 62% of those who do support lifting the retirement age.
- Republicans and monarchists also have quite different profiles. 39% of monarchists support a CGT compared to 54% of republicans. On the issue of partial asset sales 53% of monarchists are in support as opposed to 47% of republicans.
- Monarchists are not fans of MMP with only 30% support, while amongst republicans it has 53% support. Republicans tend also to be more economically interventionist with 41% wanting more intervention in the economy compared with 21% of monarchists.
- Finally it is of little surprise economic interventionists tend to support a CGT, oppose partial asset sales, support MMP, support a republic and oppose foreigners being able to buy land.

1. What Is Your Level Of Support For Raising The Retirement Age?

| Options | % | Responses |
|---------------|-------|-----------|
| 1. Not At All | 14.0% | 75 |
| 2. Somewhat | 12.2% | 65 |
| 3. Neutral | 19.1% | 102 |
| 4. Moderately | 30.7% | 164 |
| 5. Strongly | 24.0% | 128 |

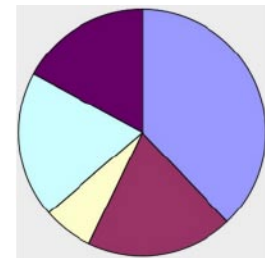


Comments: "The quid pro quo for having a first world medical system that enables us to enjoy good health is that we only become eligible for super at 67 or 68. Enlightened employers are looking to employ and retain older workers"... "Will rapidly become unaffordable otherwise as lacking in inter-generational integrity. Other 'reform' could be e.g. voluntary deferral for a higher pension. Retirement at 65 harks back to eras when life expectancies were lower...and populations were growing. Both not likely to prevail for the next generation or so. Therefore need to change expectations and opportunities to save for retirement - Australia has benefited from actively encouraging lifetime saving. NZ has allowed it to become political - too important an issue for part politics"... "Successive Govt's continue to ignore this politically untouchable issue. We need leadership, not government's bowing to populist pressures."

The Current Situation: The Government has been adamant, based on John Key's vow to resign if it happens, not to raise the retirement age, but general public support for an increase in the age, backed by experts means this is a no brainer for the Govt's second term. The age must go up. It is just a matter of the Government deciding it has a mandate to act if it gets a second term.

2. How Much Do You Support MMP?

| Options | % | Responses |
|---------------|-------|-----------|
| 1. Not At All | 37.9% | 201 |
| 2. Somewhat | 19.2% | 102 |
| 3. Neutral | 6.6% | 35 |
| 4. Moderately | 19.2% | 102 |
| 5. Strongly | 17.1% | 91 |

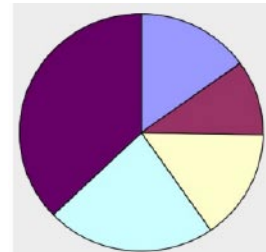
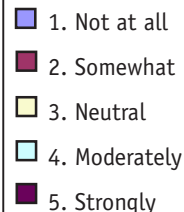


Comments: "A modified form of MMP so minor parties can't hold the major parties to ransom"... "It has produced more diversity in Parliament, but equally concerned that it delivers sub-optimal policy results - vanilla politics that tries to please all of the people all of the time"... "Good to have other voices in Parliament, but I despise the idea of the tail wagging the dog. The Greens annoy me greatly - they would do better to call themselves the NZ Socialist Party"..... "Think it would be better to go back to 1st past the post and get rid of the fringe radicals"... "FPP gives a clear mandate to one party to 'get on with it.' If you don't like what they do, then 3 years later out they go."

The Current Situation: Most voters want to retain MMP. Polls show support for the system in the general public at more than 50% which means it is likely to survive. First Past the Post still has its fans, but it is unlikely to make a comeback.

3. To What Extent Do You Support The Claim Parliament Has Too Many Seats?

| Options | % | Responses |
|---------------|-------|-----------|
| 1. Not At All | 15.1% | 80 |
| 2. Somewhat | 10.2% | 54 |
| 3. Neutral | 15.1% | 80 |
| 4. Moderately | 22.5% | 119 |
| 5. Strongly | 37.2% | 197 |

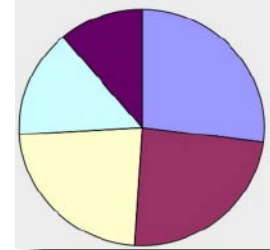
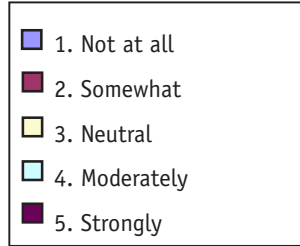


Comments: "Should only be electorate seats"... "Country of NZ's size should have less than 100 MPs"... "About 100 should suffice for a country of 4 million...without overhangs! The last 20 or so now contribute little & are virtual unknowns"... "It slows important legislation and creates a huge compromise environment"... "There are too many free-loaders and loonies who have made politics a career and add no value whatsoever"... "The real problem is that we don't have an upper house. There needs to be some mechanism to stop parliament ramming everything through under urgency."

The Current Situation: In 1999 81% of NZers wanted to lower the number of seats to 100. Based on 2006 census figures NZ has 2.9 MPs per 100,000 population the 17th highest in the world. If there were 100 MPs NZ would be under-represented with more people per MP than there were in the 1850s. Finding the right level of representation could be a tricky calculation.

4. What Is Your Level Of Support For New Zealand Becoming A Republic?

| Options | % | Responses |
|---------------|-------|-----------|
| 1. Not At All | 27.0% | 144 |
| 2. Somewhat | 24.0% | 128 |
| 3. Neutral | 23.1% | 125 |
| 4. Moderately | 14.8% | 79 |
| 5. Strongly | 11.1% | 59 |

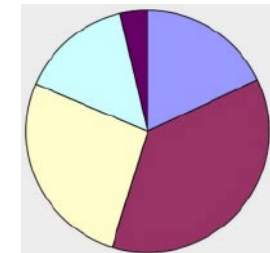
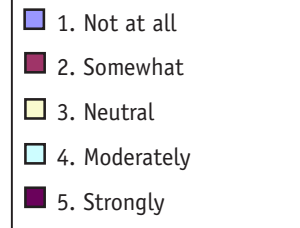


Comments: "We are a pipsqueak of a country and need to belong"... "If it ain't broke, why fix it. The costs of the existing system are minimal compared to the alternative. The recent debate in Canada is instructive - and has the US as its point of reference! Would only consider support if as an interim step NZ had a bi-cameral system proven to act as a check and balance, and a higher standard of Judicial independence with appointments made from the upper chamber not by the government of the day"... "There's no pressing need for us to become a republic. It would be messy and expensive to transition"... "The Dr Cullen proposal to patriate our constitutional relationships made sense to me - minimal changes to how we do things."

The Current Situation: Support for NZ being a Constitutional Monarchy is still strong with 50% or more consistently supporting the status quo. However, there is a potential fly in the works. If Prince Charles becomes King the situation changes. Support for NZ becoming a republic increases among voters if King Charles is added to the equation.

5. What Is Your Level Of Support For Foreigners Being Allowed To Buy NZ Land And Rural Assets?

| Options | % | Responses |
|---------------|-------|-----------|
| 1. Not At All | 18.0% | 96 |
| 2. Somewhat | 36.7% | 195 |
| 3. Neutral | 26.7% | 142 |
| 4. Moderately | 15.0% | 80 |
| 5. Strongly | 3.6% | 19 |

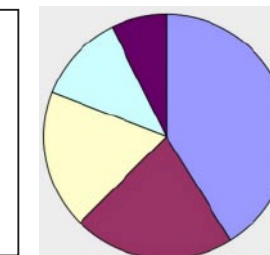


Comments: "For all my life, 70 years, people have said agriculture will not sustain NZ. It is the very heart of our economy"... "Depends on the safeguards put in place eg abide by sustainable business practices"... "Many other countries do not permit foreigners purchasing land but do permit/encourage leasing to provide appropriate property right for economic/private purposes which after a designated period, reverts to original owner. This alternative is not explored, rather emotional stances prevail"... "I am all for foreign investment but not foreign ownership. How much of NZ will be left for NZers if current land sales continue?"

The Current Situation: A large percentage of NZ's prime forests are foreign owned as is the majority of the NZ wine industry. There is no definitive figure for the amount of land in foreign hands, but the best figures state residents of 24 different countries own 154,855ha of NZ land, 0.6% of the total. It seems at this stage anyway there is not really a problem with foreign land ownership.

6. How Would You Describe Your Level Of Support For Retaining The Maori Seats?

| Options | % | Responses |
|---------------|-------|-----------|
| 1. Not At All | 41.2% | 220 |
| 2. Somewhat | 21.3% | 114 |
| 3. Neutral | 18.4% | 98 |
| 4. Moderately | 11.8% | 63 |
| 5. Strongly | 7.3% | 39 |



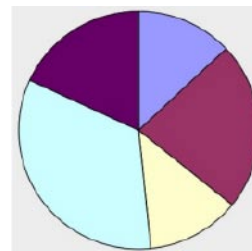
Comments: "Maori need a voice for some time yet"... "Per the original Royal Commission recommendation. Bolger muffed the opportunity to be rid of what was a temporary fix about 140 years ago. Reality is Maoris being placed on existing Party Lists satisfactorily to ensure wider electoral support. Will require a quid pro quo - potentially achievable by an elected Upper House with alternative representational compositions (but not solely along racial lines)"..... "Maori are an essential voice in NZ. Wider NZ will not vote Maori into Parliament with the current media and statistics focus on aspects of underperforming Maori". "High time the neo-liberal, old white male guard just shut up about this"... "In today's multicultural society the Maori seats are a legacy of the past which need to be removed."

The Current Situation: There is widespread support outside Maoridom for the scrapping of the Maori seats and it is still Govt policy to do so, despite its alliance with the Maori Party, which is bound to defend them.

7. To What Degree Do You Support The Premise NZ Needs More Immigrants?

| Options | % | Responses |
|---------------|-------|-----------|
| 1. Not At All | 13.0% | 69 |
| 2. Somewhat | 22.8% | 121 |
| 3. Neutral | 12.6% | 67 |
| 4. Moderately | 33.5% | 178 |
| 5. Strongly | 18.1% | 96 |

- 1. Not at all
- 2. Somewhat
- 3. Neutral
- 4. Moderately
- 5. Strongly



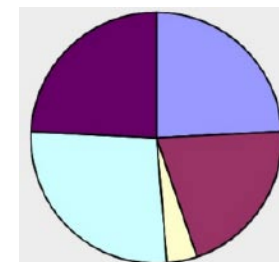
Comments: "Stop exporting ourselves"... "Support immigrants that will assist NZ, even if this is in the longer term and not be a burden on the taxpayer in the long run"... "The more skilled the better. NZ is below the critical mass population it needs"... "We need to get New Zealanders trained and into jobs first"... "NZ desperately needs more people, particularly intelligent and educated people. NZ would be a much better place if its population were 10 million or 15 million distributed evenly between the two main islands"... "NZ is astonishingly parochial and frankly could use an influx of difference to edge it up in the sophistication stakes. Immigrants are proactive, productive, diligent and determined members of society."

The Current Situation: NZ is not being over-run by immigrants. There were 2500 permanent migrants to NZ to August 2011, down from 14,500 to August 2010. The lowest was 1700 in the year to October 2001, the highest in the year to May 2003, when there were 42,500. The largest numbers are currently from the UK, India and China.

8. To What Degree Do You Support A Policy Of Partial State Asset Sales?

| Options | % | Responses |
|---------------|-------|-----------|
| 1. Not At All | 24.2% | 129 |
| 2. Somewhat | 20.6% | 110 |
| 3. Neutral | 3.9% | 21 |
| 4. Moderately | 27.2% | 145 |
| 5. Strongly | 24.2% | 129 |

- 1. Not at all
- 2. Somewhat
- 3. Neutral
- 4. Moderately
- 5. Strongly



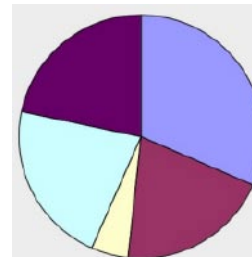
Comments: "Government management is almost always sub standard"... "However, quality of the directors of the SOEs for partial sale must be improved. Only experienced directors appointed on merit, not those appointed to achieve diversity"... "There is no need for the State to own many SOEs. The debate is being wrongly portrayed as asset sales when it's partial sale of shares"... "or to help create emergency headroom for future 'disasters' (EQC etc)".... "Privatisation of certain natural monopolies (eg Transpower) should not occur. Partial privatisation (or full privatisation) of equity frees up investable funds for other State responsibilities (e.g. Defence, law and order, etc) or to repay debt"... "You must provide securities for NZ Kiwisaver funds to invest in otherwise they will invest offshore"... "I believe it would add to competitiveness"... "When it's all gone; what is left?"

The Current Situation: Business leaders support the partial sale of state assets, as do 33% of National voters. Labour voters are more ambivalent, but generally the public does not support partial asset sales.

9. To What Extent Do You Support A Capital Gains Tax For New Zealand?

| Options | % | Responses |
|---------------|-------|-----------|
| 1. Not At All | 31.5% | 168 |
| 2. Somewhat | 20.2% | 108 |
| 3. Neutral | 4.9% | 26 |
| 4. Moderately | 21.7% | 116 |
| 5. Strongly | 21.7% | 116 |

- 1. Not at all
- 2. Somewhat
- 3. Neutral
- 4. Moderately
- 5. Strongly








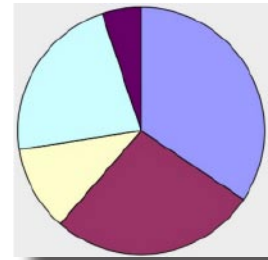
Comments: "With exemptions for the family home"... "As long as there is a corresponding adjustment to overall direct tax rates"... "Why should property owners be allowed to avoid paying their fair share of tax? NZ's need to be encouraged to invest more in productive areas rather than property"... "I am a tax policy expert and have done a great deal of research on CGTs. The case for a CGT in NZ is clear"... "About time the wealthy stopped making laws so the few personally can dodge tax. NZ has the most lax tax system for the rich in the developed world"... "It has to be on all items - no exception - with the aim of reducing total personal tax rates."

The Current Situation: In June a TVNZ Colmar Brunton Poll found 43% support and 49% opposed a Capital gains Tax. By July the numbers had moved - 40% were in support while 34% opposed - but a high 19% were neutral. Labour's plan, while regarded as flawed, has gained momentum. Whether support for a Capital Gains Tax is translated into electoral success for Labour is yet to be established.

10. To What Extent Would You Support A More Interventionist Govt Stance On The Economy?

| Options | % | Responses |
|---------------|-------|-----------|
| 1. Not At All | 34.4% | 182 |
| 2. Somewhat | 27.0% | 143 |
| 3. Neutral | 11.2% | 59 |
| 4. Moderately | 22.3% | 118 |
| 5. Strongly | 5.1% | 27 |

| | |
|---|---------------|
|  | 1. Not at all |
|  | 2. Somewhat |
|  | 3. Neutral |
|  | 4. Moderately |
|  | 5. Strongly |



Comments: "They need to do SOMETHING"... "Interventionist to the point of putting in place clear frameworks which companies/individuals can work within"... "Our history has shown that intervention for political reasons has been disastrous"... "Only warranted where Property Rights protected, and compensated, if intervention is required for the deemed 'greater' public good. That includes Local Govt too"... "The rail carriage contract is an example of where the Govt should have stepped in for the country"... "If anything the Govt already intervenes too much in petty ways, creating market failures by attempting to correct injustices"... "Interventionism must be targeted and not sweeping."

The Current Situation: NZ has one of the most liberal economies in the world. There is little or no widespread support for the Govt to go back to the interventionist days of Muldoonism, despite the current problems sweeping the global economy.

The Sacred Cows – Why Politicians Keep Ducking Them

After 12 years on the front line in politics *Simon Power* concluded Parliament is too often afraid to tackle the "tough issues" for fear of losing votes. He's right. In his valedictory Power said MPs waste their time attacking each other, trying to out-manoeuvre each other, "and just plain loathing each other. It's an incredible waste of energy." Now, at a critical point in NZ's history, it's vital our democracy politicians confront, and debate, the issues they relegate to the "too hard" basket.

Free and open debate surely is the essence of our Parliamentary democracy. As *Franklin Roosevelt* said: "Let us never forget that Govt is ourselves, and not an alien power over us. The ultimate rulers of our democracy are...the voters of this country."

There's a huge appetite among voters to tackle the big issues confronting NZ. In this process some of those animals politicians treat as their "Sacred Cows," never to be talked about in public, would be quietly euthanised. The retirement age? NZ a republic? Retain the Maori seats? Asset sales? Do we have too many MPs? Should we encourage more migrants to come here?

As NZ moves into an election campaign, *The Main Report Group* sought to probe the opinion of those who subscribe to its publications, and met surprisingly vigorous responses to some of the issues the main political parties keep ducking. Those responses were accompanied by sophisticated and highly intelligent commentary.

It's clear a majority believe a rise in the retirement age is inevitable. The Govt should get on with framing a new policy. But will it continue to shackle itself to no change, because it is fearful of antagonising the elderly, the most powerful voting bloc?

One of the really surprising outcomes of our survey was the number who don't support MMP. They outnumbered those in favour of MMP. Could this be a pointer to the outcome of this year's referendum?

Parliament has too many MPs, the Maori seats should be abolished, and NZers are not yet ready for a republic.

As for partial asset sales, the National Govt may draw comfort from the survey which shows support in moderate or strong terms ahead of those expressing opposition totally or to a degree.

A capital gains tax met a more equivocal response. And there is no appetite for a return to Muldoonist-style intervention in the economy.

So, as we look at the results of this survey, we ask - are NZers ahead of their leaders in realism and courage?

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