N.Z. ECONOMIC CHRONOLOGY 1981

January 5  Cost Increase for Fuel Plant

The Secretary of Energy announced that the estimated cost of New Zealand's synthetic fuel plant had increased from $500m to about $750m.

January 22  Road User Charge Increase

The Minister of Works and Development (the Hon. W. L. Young) announced that road user charges would rise by 20% effective from April 1st.

January 28  Insurance Merger Talks

It was announced that the South British and New Zealand Insurance companies were holding merger talks.

February 12  U.K. Butter Sales

N.Z. was given another extension — until 26th February — of the 'stop-gap' arrangement to sell butter on the British market.

February 24  Petrol Price Increase

The price of premium grade petrol rose to 58 cents a litre while regular trade rose to 56 cents a litre.

March 6  Farming Package

The Minister of Agriculture, the Hon. D. MacIntyre, announced higher Government guaranteed minimum prices for meat and dairy products for next season, and a further $30m in lending finance for the Rural Bank.

March 9  Job Subsidy Scheme

A multi-million dollar Government initiative to get unemployed school-leavers into jobs was announced by the Minister of Labour, the Hon. J. B. Bolger. The scheme involved a wage subsidy being paid by the Department of Labour to private sector employers taking on young people who left school prior to December 31 1980 and who were seeking a first permanent job.

March 11  Higher Stumpage Rates

The Government and Tasman Pulp Limited reached agreement on new stumpage rates for sawn timber which were estimated to cost the company an extra $4m over the next 2 years.

April 3  EEC Butter Arrangement

The European Economic Community finally reached agreement on N.Z. butter by clearing a package deal that included guaranteed access to the British butter market for three years.

April 6  OECD Survey

The Organisation for Economic Co-operation and Development released a review of New Zealand's environment policies. The report dealt with the institutional framework for environmental management, town and country planning, agriculture and forestry, water and energy. Some of the conclusions in the report were:

— The Government should establish a Ministry for the Environment.
— The amount of lead permitted in petrol should be reduced.
— The use of the herbicide 2,4,5-T should be restricted.

April 9  Government Borrowing

The Government announced a syndicated note facility for US$500m with a group of international banks led by Citicorp International Group.

April 16  New Zealand Planning Council

The New Zealand Planning Council study, 'Directions' was published. It contained a large number of suggestions on wide-ranging social and economic subject matter.

April 22  Monetary Policy

The Minister of Finance, the Right Hon. R. D. Muldoon, announced that he had instructed the Reserve Bank to participate more actively in the short-term money market so as to bring interest rate levels down.

May 4  Economic Monitoring Group

The Economic Monitoring Group's report to the Planning Council was published. It claimed that New Zealand's high inflation rate is the most important problem to be solved.

May 5  Japan Butter Sales Cut

New Zealand signed an agreement with Japan cutting its $20m compound butter exports there by about 10%.

May 11  Motor Industry Inquiry

It was announced that an inquiry into New Zealand's motor vehicle industry would be conducted by the Industries Development Commission.

May 12  Government Assistance to Winstones

It was announced that the government would assist Winstone Limited to the extent of $15m. The money was to be used in restructuring its subsidiary Winstone Samsung Industries Ltd.
January/February, 1982

C.E.R.

Agreement was reached on conditions under which N.Z. finance companies can expand into Australia.

May 15

Major Bank Merger

The Bank of New South Wales and The Commercial Bank of Australia announced a plan to merge.

May 22

Wage Order

A 5% cost-of-living increase to operate from 11th June was granted by the Arbitration Court.

June 5

Coal Industry Proposal

The Prime Minister, the Right Hon. R. D. Muldoon, announced the Government's plans to rejuvenate the West Coast coal industry, transforming it into a $100m a year export earner employing about 500 miners.

Government Overseas Loan

The Minister of Finance, the Right Hon. R. D. Muldoon, announced that New Zealand has arranged a loan equivalent to $102m from a Middle East source.

June 8

Oil Pipeline Approved

Government approval for construction of an oil pipeline between the Marsden Point Refinery and Auckland was announced by the Minister of Energy, the Hon. W. F. Birch.

June 18

Eurobond Loan

The issuing of a 6½ year Eurobond for 15 billion yen by N.Z. was announced.

June 23

Oil Deal with Indonesia

New Zealand's plans to negotiate buying up to 8% of its oil needs through a direct Government-to-Government deal with Indonesia.

June 30

New Zealand Planning Council

The New Zealand Planning Council Report, 'An Agenda for Tax Reform', was published. It saw the tax system as being in pressing need for reform due to the distortions of inflation. The Council urged the prompt setting up of a task force to report to the Government on the options of tax reform by the middle of 1982.

July 7

Price Controls

The Government reintroduced price control on apples and pears.

July 8

Gas Pipeline to Hawke's Bay

The Minister of Energy, the Hon. W. F. Birch, announced that the Cabinet had agreed that a gas pipeline should be built to Hawkes Bay.

July 10

Budget 1981

The 1981 Budget was introduced. It estimated the deficit before borrowing for 1981/82 to be $2,090m. Highlights of the budget included:

- The child supplement paid to income-tested beneficiaries will be increased from $4 to $5 a week
- The basic tertiary assistance grant will be increased to $27 a week, commencing in 1982.
- The existing home ownership savings schemes will be amended by reducing the minimum savings term from 3 years to 2 years; increasing the maximum savings from $2,000 to $3,000 per year; requiring savings to have been in accounts for at least 3 months to qualify for the benefits; and allowing private savings banks to offer these accounts.
- A series of taxation measures including raised depreciation limits on business motorcars; raised exemptions on estate duty; a change to a single rate of 2 cents per dollar of taxable value of land; raised taxes on alcohol and tobacco.

July 13

OECD on New Zealand Economy

The Organisation for Economic Co-operation and Development's 'Economic Outlook' predicted that New Zealand's underlying rate of inflation of about 17.5% was likely to remain unchanged and that the external deficit was likely to widen during 1981/82.

July 16

Reduced Interest Rate on Penal Borrowing

The Governor of the Reserve Bank, Mr R. W. R. White, announced a one percentage point reduction in the interest rate applied to borrowing from the Reserve Bank by the trading banks and the four official short-term money market dealers.

July 24

Wool Price

The Wool Board announced a minimum wool price of 250c a kg for the new season.

July 30

Rail Changes

The Railways Corporation Bill was introduced into Parliament.

August 6

Dairy Board Butter Deal

The New Zealand Dairy Board announced that it had bought 100,000 tonnes of U.S. butter in order to save its own export markets.

August 20

Pine Ethanol Plant

The Government announced plans to develop a small
November 30  

Election 1981

The election night result of the N.Z. General Election was: National 46 seats; Labour 44; Social Credit 2.

Merging Banks

The Bank of New South Wales and the Commercial Bank of Australia announced that their merger should be completed by March 1983. The new bank will be known as Westpac.

December 4

Japanese Beef Quota

The Japanese Government decided to cut New Zealand’s beef exports to Japan by 4,000 tonnes.

December 8

Soviet Dairy Deal

The Dairy Board announced a four year supply agreement for butter and wholemilk with the Soviet Union.

December 10

Election 1981

Final results of the 1981 N.Z. General Election were: National 47 seats; Labour 43; Social Credit 2.

December 15

Railways Electrification

Electrification of the main trunk line between Palmerston North and Hamilton was approved.

December 17

State Pay Agreement

The Government and the combined state unions agreed on the annual adjustment for state pay rates ranging from a 7.2% increase in basic clerical grades through to a 10% increase for tradesmen.

December 23

Railway, Post Office Charges Increase

New year increases in Post Office and Railway charges were announced. Major increases were a 15% rise in all railway freight charges and passenger fares and a 4c rise in the cost of mailing a standard letter.