

Plan needed to 'stop Kiwi firms being sold overseas'

By KRIS HALL - The Dominion Post | Saturday, 17 January 2009

The Government urgently needs to table a plan that stops thriving Kiwi companies being sold to overseas rivals to the detriment of the economy and work force, warns a leading chief executive.

Orion Health's Ian McCrae says next month's employment summit in Auckland is the perfect stage for the "bouncing of serious ideas" about how New Zealand can hang on to its major native employers.

"Rather than the Government sitting on the fence and allowing companies to be sold off to foreign owners, stripped of their assets and the New Zealand work force cut adrift it needs to take a more proactive approach.

"Maybe it could rein in a little of the money invested in funds overseas and invest them in some of the successful local companies."

Mr McCrae's argument is that too often success stories, such as Navman, end up selling to overseas multinationals to thrive internationally. Government aid would halt this trend, allowing firms to expand from home, thereby boosting employment and productivity.

Founded in 1987, Navman was sold to United States marine company Brunswick Group for \$108.5 million in a deal completed in 2004. Navman's assets were later split up and sold, while its near 1000-strong work force "just disappeared".

Orion Health was created in 1993 with five employees, but has since evolved into New Zealand's largest healthcare software company with more than 350 staff.

It expects gross revenue of between \$60 million and \$70 million this year.

"There are so many small and medium firms [in New Zealand] that have the potential to take this country forward. Instead, we appear to be going backwards.

"With [government] help, instead of all the gloom and doom talk of firms going under and jobs being cut by the hundreds, we could have a host of strong, thriving companies offering job security, which in turn would only serve to strengthen the economy."

His comments followed more dire news for the economy this week, including an Institute of Economic Research survey showing business confidence at its lowest since 1970 and predictions that unemployment could double to 8 per cent this year.

Until now, Mr McCrae said, the only real help for businesses was the venture capital sector and selected investment by New Zealand Trade and Enterprise.

Small business was big business here, he said. Nationwide, there are 350,000 small and medium enterprises. Backed by investment and nurtured through key growth phases, the positive impact on "New Zealand Inc" could be dramatic.

"When you grow to a certain size, you're basically creating jobs out of nothing you're generating employment without consuming resources other than labour.

"On the flipside you become attractive to international corporates, and with that can come investment."