



# Estate and Taxation Planning Council New Zealand Inc

May 1996

## Fourth Estate

Now that the Prime Minister has announced the election date, it is even more exciting to share with members the news that the Minister of Finance has accepted our invitation to be guest speaker at the Council's 20<sup>th</sup> Annual Celebration in September.

We're giving you early warning, so you can be sure to book September 5<sup>th</sup> – you won't want to miss this!

## AGM Report

The Council's 1996 Annual General Meeting, sponsored by and held at the premises of Simpson Grierson on March 21<sup>st</sup>, suffered a set-back from the start, as even though the Committee had received more than 40 acceptances from members, only 21 had appeared by 5:30 (fifteen minutes after the scheduled time of commencement).

It was with embarrassment that the Committee *bought time* by inviting the guest speaker, Retirement Commissioner Colin Blair, to deliver his address to the handful of members who patiently awaited him.

The Retirement Commissioner graciously obliged, by delivering an address in which he noted how timely the AGM was for him – he had just attended a meeting of the Superannuation Accord Group on the previous day.

While he was not free to reveal what was discussed at that meeting, he did give the audience an indication that the parties were speaking and cooperating inside the meeting room, despite the news reports in mid-March about the dissatisfaction of certain political parties with the structure of superannuation policy.

Contrary to what we may glean from the media, Colin Blair believes that the Accord parties do not want to see an auction of retirement issues in the lead-up to the election.

The Commissioner explained the function of his office, which is to assess and to comment to Government on superannuation policy, but not to make that policy. To that end, one of the key questions to be asked is: *Do we have the right policy?*

From research undertaken by his office, the Commissioner believes that the public are wary of financial advisers and of product providers – there is a certain lack of trust in dealing with such professionals. Equally – and not surprisingly – there is an acknowledged information vacuum among the public generally when it comes to retirement and investment issues.

Thus, the Office of the Retirement Commissioner has, as a major function, the task of educating the New Zealand public about assuming a responsible approach to retirement planning and funding, on an individual level. The Commissioner explained that, since the Office now has a budget in place (partly funded by government and partly by industry), the public education programme has been devised and its implementation begun.

The Office is using an *independent* approach to its public education programme. Not only are general interest publications being used (such as *Women's Weekly*) but equally, employers are being encouraged to provide work-place seminars for staff. The gem in the crown are the documericals that are now being screened throughout the country, about which Colin Blair expressed great enthusiasm for their educative value.

The audience had a number of questions to put to the Commissioner, which kept the discussion lively until well after 6:00. By that time, enough members had arrived to give us the required quorum, so the AGM was able to proceed.

The President's Report and the audited accounts for the year ending 31 December 1995 had been distributed to members as they arrived. These were reviewed and accepted by those present. The Committee were able to confirm membership standing at 139 members and an excess of income over expenditure of just under \$6,000 for the year.

All members of the Executive Committee were available for re-election and, there being no other candidates, all Committee members were duly re-elected. Those present then had the pleasure of sampling Simpson Grierson's excellent hospitality, with the evening concluding at 7:30.

## Voting In An MMP Election: Dr Paul Harris

In the flood of post-Budget commentary, a recurring theme seems to be: "Will the policies announced ever be implemented?" In other words, will the National party survive the election with a strong enough position to pursue its fiscal policy? The universal answer seems to be – "It will all hinge on how effectively voters use their two MMP votes".

There were thirty Council members present at the Auckland Club on May 22 to listen to Dr Paul Harris, Commissioner and Chief Executive of the Electoral Commission. Dr Harris described himself as one member of a Commission that has no political agenda, but a goal of educating the New Zealand public about MMP.

He summarised the Commission's task by saying that there are four basic facts which must be imparted to voters. These are:

- Each voter under MMP has two votes to cast: one for a party list and one for an electoral candidate;
- The concept of proportionality means that the percentage of support gained by a political party in the vote for the party list will determine the percentage of seats which that party holds in the next Parliament;
- There is a threshold for each party to gain entry to Parliament: either 5% of all party list votes cast or one electorate seat won;
- The party list is used to *top-up* a party's electorate result (if necessary), to match the percentage of votes which that party has won in the party list vote.

Dr Harris, in looking back at the three years since MMP was selected by New Zealand voters, commented that, in his view, most of the radical changes that could occur in our political arena are now behind us. For example, he doubts that there will be the same wild growth in new political parties that there has been since 1993.

The statistics show that, at the present time, there are 21 political parties registered, four more have applied for registration, and there are more on the way. Of that group, he believes that few will cross the all-important 5% voting threshold.

He walked the audience through a sample ballot paper, explaining along the way the science of how the ballot paper has been redesigned. Among the changes are groupings of candidates' names according to their party affiliation, as well as the use of party logos against each candidate's name.

Voters should expect to see differences in the campaign methods used by the various political parties in the next few months. It seems that as all party list votes are equal, they are all vitally important to every political party. Thus there will be strong incentives to campaign strenuously for every single vote.

Legislation has contributed, too, to the changed campaign environment, in several ways. For example:

- Parties' candidate selection must be achieved on a democratic basis,
- There are new monetary limits imposed on pre-election advertising in the three months prior to October 12, and
- There is accountability for political contributions: annual returns must be filed by each party in receipt of any electorate-level donation of \$1,000 or any national-level donation of \$10,000.

Finally, Dr Harris believes that the New Zealand public should not expect less political conflict in an MMP Parliament. The philosophical and ideological differences between political parties will continue to exist, even in a coalition environment. Instead, the hope/expectation is that those differences will be expressed positively, leading to constructive solutions.

Throughout his half-hour address Dr Harris demonstrated a low-key style of delivery which could not conceal an unquestionably expert command of the subject. The depth of his expertise was equally obvious during the half-hour of question and answer that followed.

There could be few in the audience who failed to learn something of value from his presentation.

## Coming Events:

Enter these dates in your diary now:

The Committee plans a seminar for the second half of July (date to be announced).

September 5 – 20<sup>th</sup> Anniversary of Council – Guest Speaker: Rt Hon Bill Birch, Minister of Finance.

## Reminders:

20<sup>th</sup> Anniversary Meeting – 5.30 pm, 5 September.

First MMP Election – 12 October.