



Estate and Taxation Planning Council New Zealand Inc

September 2000

Dear Member

AGM

The Annual General Meeting was held on 11 May 2000 and Russell Brighthouse gave his final Presidents Report to members. He gave an overview of the previous years activities, including seminar presentations from Dr Michael Cullen and Murray Weatherston. He thanked Hugh McGuinness, and his sub-committee for their contributions in developing the survey, and the strategic plan to take the Council into the future. Russell thanked all the executive members for their on-going contribution, but paid special attention to the large contribution of Gary Fitzpatrick in his joint roles as secretary and treasurer. He also said a sorry goodbye to John Lauer and Mike Staal who have been long serving and valuable members of the executive.

Russell stated that the Council would be in good hands with the nomination of Steve Murray as President. Steve has been a long-standing and highly valued member of the Executive, and has an extensive knowledge of the Council's operations. As well as the existing Executive members he welcomed three new members Robert Knox, Catherine Atchison and Gary Morgan who bring some fresh and able minds to the Council's affairs. In order to fund more activities and give greater value to members in the future, it was decided that the membership fee should be increased to \$100+GST at the meeting.

The Executive looks forward to implementing the Council's strategic plan over the next twelve months, and hopes that members will continue to make a contribution in the development of the Council, and not leave all the work to the executive. Your new Executive members are:

Robert Knox - Accounting

Robert has 26 years experience in Chartered Accountancy. Prior to joining BDO in 1986 he was a partner in a two-partner practice for 14 years. He is a member of the Institute of Chartered Accountants of New Zealand and the Chartered Secretaries.

Robert provides accounting and management advice to a wide range of clients from small businesses to publicly listed companies. He also has a portfolio of overseas clients who have business interests in New Zealand.

Share valuations, due diligence assignments are part of his area of expertise. Effective ownership and business structures, together with providing wealth protection through the use of Family Trusts is a major part of Robert's focus.

Catherine Atchison - Legal

Catherine is an honours graduate from Auckland University and has been a partner with the firm of Martelli McKegg Wells & Cormack since 1988. She has also practised in the United Kingdom, having spent 5 years with the London firm Wilde Sapte.

Catherine heads the firm's trust administration and estate planning department and has wide experience in all aspects of family and business asset protection. In addition, she advises on the formation and management of charitable trusts and sits on the board of a number of major charitable trusts.

Gary Morgan – Financial Planning

Gary has over a decade of experience as a Financial Planner and Investment adviser. In late '89 he joined Gardner Bradley O'Neill, one of the largest Financial Planning firms of the day, and in 1992 was co-founding director of Financial Guidance Centre in Newmarket until early '95. Today he runs his own specialised Financial Planning and Investment Advisory Practice called "Morgan Taylor Limited", in Torbay, Auckland.

Gary is a "Certified Financial Planner" an internationally recognised qualification administered in NZ by the "Financial Planners and Insurance Advisors Association" (FPIA). Gary has been involved for many years in the development of professional practice standards for this association and its forerunner the IAFP. Gary chaired the Standards Review Committee for two years, and currently sits on the FPIA's Complaints Committee.

In mid 1996 Gary was guest speaker at the IAFP National Conference on Practice Standards. In April 1997 Gary toured the country presenting a workshop to IAFP members. Topics covered included the importance of disclosure and meeting the requirements of the Investment Advisers (Disclosure) Act of 1996, the Financial Transactions Reporting Act of 1996, and other issues surrounding practice standards.

Seminar Notes

Our most recent seminar was run in late June at the Auckland offices of Rudd Watts & Stone. The meeting was well attended with 32 members and guests to hear Bruce Sheppard talk about the rights of minority shareholders. In keeping with our new format Simon Hassan, who spoke briefly about the FPIA, preceded Bruce. Our thanks to Rudd Watts & Stone for their sponsorship of this event.

FPIA

Simon Hassan from the Financial Planning firm of Stewart, Hassan & Associates Limited addressed the members over the April 1999 merger of the old life underwriters association (IIAA) and the financial planners association (IAFP) into the new consolidated group Financial Planners and Insurance Advisors Association Inc (FPIA). The merger has resulted in a stronger group with the next conference to be held in Wellington in July. Simon Hassan's current project is on disclosure.

RIGHTS OF THE MINORITY SHAREHOLDER

Bruce Sheppard, a partner in Gilligan Sheppard, gave a stimulating talk on the rights of minority shareholders in a public company context. Company Directors tend to rely on apathy, hence the low number required for a quorum. At the special Brierley (BIL) meeting to discuss moving to Bermuda (a tax haven), only about 1/6 of the minority shareholders attended the meeting despite the potential tax liability for NZ shareholders.

Firstly, Bruce stressed our right to vote. This is a fundamental right and we should vote on an informed basis. Secondly, our major minority shareholders (usually the Institutions) should act. In the USA many Institutions are active and can often get a compromise. In NZ the conduct of the Institutions is generally not great with the possibility of laziness, incompetence, doing the "Wall Street Walk" (ie. dumping the stock) or even a breach of fiduciary duty to unit holders.

Bruce talked about the minority shareholder speaking up, and increasing the pressure on the Directors, which often gives greater media coverage leading to better results. There is an Australian group of approximately 1,500 members to which some directors listen. There is also a legal right to sue in the name of the company, but the barriers are the costs of the application and the risk of failure. Even if there is a breach of the listening rules, companies can apply for a dispensation. Approaches can be made to such bodies to the Commerce Commission, Justice Department, Securities Commission, SFO, Stock Exchange and even the Directors themselves.

Bruce spoke out strongly on his dislike of options, which he regarded as another way of paying wages and open to abuse. From American research, it appeared that 90% of options were cashed out and that corporate debt and the number of shares on the market had risen dramatically over a 10-year period to December 1998.

Bruce gave some specific examples in relation to BIL and Milburn and encouraged us as prudent business people to actively manage our investments. We should exercise our right to vote and to speak out.

Next Seminar is scheduled at 5.30pm on Tuesday 26th September at Brookfields offices in Victoria Street, Auckland where Maureen Southwick will talk about the changes to The Matrimonial Property Act, and the implications for you and your clients.

New Members

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Simon Hassan is a Director at Stewart, Hassan & Associates Ltd, a member of the Lodestar Group. He specialises in financial planning for professionals, the self-employed, and high net worth individuals. A member of the FPIA Board he chairs the Standards Review Committee and is also a member of the Professional Development Committee.

Prior to establishing Stewart, Hassan & Associates Ltd in 1995, Simon worked in advisory and management roles in the financial services industry. Prior to that he was a secondary school teacher and administrator. Married to another financial planner, Simon has been practising since 1990, and was a finalist in the national Financial Planner of the Year awards in 1999.

General

The Executive would like to have regular communication with members, with short newsletters to keep you informed of our activities, and for up coming events. We recently trialled the use of e-mail to members, and in future we intend using that medium to communicate to you. If that is a problem then please contact Gary Fitzpatrick on 529-4359.