



# Estate and Taxation Planning Council New Zealand Inc

20 September 2001

Dear Member

## AGM

The Annual General Meeting was held at the offices of Simpson Grierson in Auckland on Thursday 30 August and this is a copy of Steve Murray's first Presidents Report to members.

### PRESIDENTS REPORT – 2001

The end of the millennium brings to a close another chapter in the history of your Council and signals a fresh beginning. This current year (2000) will see us celebrate our 25<sup>th</sup> Anniversary and the goal for your Committee is to meet head-on the challenges of the new millennium. I encourage all members to put forward their views either by talking to a Committee member or writing or emailing or faxing. Your Council will surge ahead with your active involvement.

In 2000 we held three Seminars as follows: -

1. **Rights of the Minority Shareholder** (sponsored by Rudd Watts & Stone) on the 28<sup>th</sup> of June. In accordance with our new format Simon Hassan spoke briefly on the FPIA being the new consolidated group of life underwriters and financial planners. Bruce Sheppard, our main speaker, focused on the rights of minority shareholders in a public company context. This stimulating address provoked good discussion amongst the members that attended.
2. **The Matrimonial Property Act** (sponsored by Brookfields) on the 26<sup>th</sup> September. Graeme Cosgrove gave a brief talk on the changes to the tax rates for minor beneficiaries before our main speakers Maureen Southwick and Howard Johnston launched into their presentations on the "trust busting" provisions in the new matrimonial legislation. The different perspectives of Maureen and Howard highlighted the need for care and professionalism especially in the area of independent advice.
3. **Superannuation Trends** (Seminar paid out of Council Reserves) on the 28<sup>th</sup> November. John Simpson warmed up the audience with a brief fiery address before our main speaker National MP Belinda Vernon helped us finish the year with her forthright comments on trends re welfare benefits and superannuation. Members then retreated to the bar for Xmas nibbles and drinks.

#### *Closing Comments*

We are fortunate to have an experienced and hard working Executive Committee, all of whom freely provide their time and talents on a voluntary basis in an ever-increasing commercial environment. There is always room for fresh enthusiastic talent. I thank each and every Committee Member namely Gary Fitzpatrick, Hugh McGuinness, Gary Morgan, Jeff Matthews, Catherine Atchison, Robert Knox, Marcus Bosch and Rod Giles. Although our immediate Past President Russell Brighthouse has not been able to attend meetings in the city, your Committee still maintain close links with him and seek input from him whenever possible.

In this technological age your Committee endeavours to provide as much information as possible by electronic means and such trends will develop over time. We thank our many sponsors including Simpson Grierson and look forward to the new millennium with confidence.

Steve Murray  
President

Our most recent seminar was run in late May at the offices of Martelli McKegg, and was well attended by members. The presenter was David Tierney, Commercial Partner with Primrose Couper Cronin Rudkin, based in South Queensland, who spoke about:

### PROPERTY INVESTMENT ON THE GOLD COAST

David's seminar focussed on 3 areas:

1. Relevant statistics on immigration and tourism in Australia;
2. Legal issues to be aware of when purchasing property on the Gold Coast and practical tips on purchasing property;
3. Practical Tips

#### STATISTICS ON IMMIGRATION AND TOURISM

New Zealand born individuals make up the second largest overseas born group in Australia and constitute one of the fastest growing communities. Of arrivals in the year 2000 New Zealand settlers totalled 33% of a total group of 92,000. The median aged of New Zealand born residents is only 35 which illustrates that not only retired New Zealanders move to Australia. The percentage of immigrants from New Zealand settling in Queensland has risen from 45% in 1999 to 49% in 2000. So many New Zealanders are settling in Queensland that some newspapers have suggested that the Gold Coast be renamed Kiwi Coast.

Latest figures on foreign ownership in Queensland show New Zealand nationals own a staggering 720,000 hectares of Gold Coast property, including freehold land, leasehold land and unit/apartment floor space (120 times the area of inner Auckland). The latest data from the Department of Natural Resources Titles Registrar included floor area in units, which for one high rise could include more than 100 units.

New Zealanders make up 46.3% of Gold Coast foreign residential property owners with the Japanese next at 12.2%. The figures show a sell off by Japanese over the 1990's, with Australian commentators seeing a sinking New Zealand economy as being a factor in the increase.

New Zealanders are not so keen on Brisbane however with Singapore leading foreign ownership.

#### LEGAL ISSUES

David explained there are considerable differences between developer contracts of agreement of sale and purchase, and real estate Queensland/Queensland Law Society Contracts. It was suggested that all contracts needed to be checked by a local property lawyer, but in particular the developer contracts.

Factors to consider before signing any agreement for Gold Coast properties.

- Ensure a building inspector inspection is conducted by an independent third party;
- Pests, such as termites and other insects, create huge problems for Gold Coast buildings so it is essential a pest termite inspection is conducted. Kiwi's in particular are at risk here as they have little knowledge of the damage done by insects. David gave quite graphic details of the damage done by termites in particular;
- The Gold Coast has a history of floods so it is wise to check out how the property being purchased coped in the last major flood.

#### Practical Tips

- **MAPS** - It is essential to use a map particularly if you buy through agents in New Zealand or buy property in Brisbane without checking out the location on the Gold Coast. Often advertising material may state beachfront property when in reality the location is some 5 kilometres from the beach. Asian investors in particular have been caught this way.

- LOCAL PAPERS - David stressed the importance of reading the local papers, particularly the Gold Coast bulletin and reading the websites of property developers and real estate agents.
- AGENTS - As in New Zealand it is important to go to more than one real estate agent to get an idea of what is available.
- LOCAL KNOWLEDGE - When you have found what you want, talk to the neighbours in the vicinity and if possible, also check the development plans for the area.
- CLIMATE - David pointed out that climatically the Gold Coast is quite different from Auckland and many New Zealanders underestimate the need for air conditioning. Climatic factors such as extreme heat, flooding and humidity in the summer months should be considered when considering what building to buy.
- TAX - New Zealanders are often unaware of the imposition of stamp duty and capital gains taxes.
- WHAT PRODUCTS - the choices are quite varied:
  - Ø detached housing
  - Ø zero lot line
  - Ø townhouses
  - Ø walkup units
  - Ø high rises
  - Ø integrated resorts
  - Ø retirement villages
  - Ø other eg vacant land developed commercial, developed industrial.
  - Ø New verses second hand (in some areas, particularly in major tourist development areas, resale values were lower than purchases. Location and the quality of building were the two major things to be considered when investing, applied equally to residential and investment.

Finally David emphasised the importance of receiving independent advice from lawyers, valuers and other individuals when purchasing property on the Gold Coast. He said too many New Zealanders purchase without doing their homework and did not make use of the expertise on his side of the Tasman. He also indicated that New Zealanders he had met in his practice seemed to have unrealistic expectations of capital gain on property.

Changes to Australian taxation were likely to have major effects on New Zealanders who owned property in both countries, and those immigrating or contemplating purchasing Australian property needed to take advice from their tax advisors both here, and in Australia. Those purchasing within a trust structure also needed to be aware of the taxation effects on New Zealand trustees who become Australian tax residents .

Our thanks to Catherine Atchison, and Martelli McKegg for their hospitality in sponsoring this event.

## New Members

Robert Baird is a Financial Services Manager with New Zealand Guardian Trust. Robert has been actively involved in Estate and Tax Planning for thirteen years with NZ Guardian Trust, and previously with Trustees Executors. Prior to that he had been seven years in banking, seven years in management roles in legal and accounting firms, and for eight years he was involved in the management of Charitable Organizations.

Chris Blincoe is a client manager with NZ Guardian Trust, in their Remuera Office, and has been actively involved in Estate and Tax Planning with NZ Guardian Trust for over 30 years.

## General

This year is the 25<sup>th</sup> Anniversary of the Council, and there will be a celebration dinner on Thursday 15 November 2001 at Romfords, at the Tamaki Yacht Club, Mission Bay, so please make a note in your diaries. Further details of the dinner, and the guest speaker will be forwarded at a later date.

Please help us keep the database current by letting us know if you change firms, or if your e-mail address changes. Thank you.