



Estate and Taxation Planning Council New Zealand Inc

December 2003

Dear Member

Annual General Meeting

As well as the very successful breakfast seminar "Independent Trustee – Hero or Villain" the meeting of the 14th October was also the Council's AGM. This was well attended and I have enclosed my President's Report below.

This year your Executive took the opportunity to make some minor changes to the Constitution, with the support of the members, and I have summarised these changes below:-

Rule 4

4.3 qualified life underwriters

This has now been changed to read:-

4.3 qualified life insurance adviser

Rule 4.10

Each application shall be approved if a majority of the Executive Committee votes in favour of the admission of that applicant to membership but if that approval would result in the number of members from any of the first six of those participant groups exceeding 40% of the then financial members of the Council that application shall be held over for approval until that ratio no longer applies.

This has now been changed to read:-

Each application shall be approved if a majority of the Executive Committee votes in favour of the admission of that applicant to membership but if that approval would result in the number of members from any of the first six of those participant groups exceeding 45% of the then financial members of the Council that application shall be held over for approval until that ratio no longer applies.

Rule 10

10 Annual meetings of the Council shall be held not later than the 30th day of April each year.....

This has now been changed to read:-

10 Annual meetings of the Council shall be held not later than the 31st day of July each year

Rule 10

10.4 Twenty percent (20%) of financial members of the Council shall constitute a quorum for the transaction of business at any Annual or Special Meeting of the Council.

This has now been changed to read:-

10.4 Twenty percent (20%) of financial members of the Council or proxies thereof, shall constitute a quorum for the transaction of business at any Annual or Special Meeting of the Council.

Members have recently been asking how the Estate and Tax Planning Council views the role of STEP. It is the view of your Executive that the Estate and Tax Planning Council and STEP could work side-by-side, just as it does with the Trust special interest group. Your Executive may well consider future joint seminars/functions, however it has no concerns that STEP will make the Estate and Tax Planning Council redundant. Indeed we look forward to another successful year in 2004.

I would just like to take this opportunity, on behalf of your Executive, to wish you all a very happy Christmas and a very prosperous New Year.

Gary Morgan

Executive Report

In the 11 months since the last Executive Report, once again much has been accomplished. In keeping with the purposes of the Council, we have had several seminars providing a forum for the exchange of knowledge and enhancement of professional skills, and I hope these encouraged co-operation and fellowship between our members.

In February of this year we had "The Beneficiaries are Coming!" with a very thought provoking opening address by Geoff Clews followed by a panel discussion, with Geoff being joined by Trevor Peacock and Peter Bould.

In June we had "The Impact of Death and Divorce on Discretionary Family Trust". Once again we had a similar format with Greg Kelly and Hugh McGuinness setting the scene, followed by a panel discussion with Catherine Atchison joining in.

In October we had "The Independent Trustee: Hero or Villain" with Mark Cassidy setting the scene, followed by a panel discussion with Mark being joined by Richard Taylor and Robert Knox.

As you can see there was a common theme to all seminars, all were breakfast meetings with a panel format, and I might add that all were well attended. Clearly the meeting time and panel format, are well received by our members.

Besides the seminars, your Executive has been working hard on getting the Council's web site up and running (etpc.org.nz). This website also includes a password protected membership list. Here the objective was to improve communications with members, and start to build a resource of benefit to members. I encourage you to visit this website and contact Gary Fitzpatrick for the password. Past Newsletters and articles are slowly being added to this site. We have recently lost Marcus Bosch from the Executive, Marcus was instrumental in the website development and I would like to thank him for his contribution over the years and wish him well in Australia.

This year your Executive has taken the time to review the Constitution and ensure it continues to meet the needs of the Council and it's members. To this end we have proposed some changes for members to consider.

Finally I would like to thank my remaining Executive Committee members for their support and hard work, namely Jeff Matthews (vice President), Hugh McGuinness, Catherine Atchison, Robert Knox and Rod Giles. I have of course yet to mention Gary Fitzpatrick who has the dual role of Secretary and Treasurer. Without Gary, the Executive would simply not function and he deserves a very special vote of thanks.

I would also like to thank Hugh's firm of Simpson Grierson for their hospitality at each and every Executive Committee meeting, and Deeanah Polito of Martelli McKegg who kindly takes the Executive Committee minutes. Your Executive already have a Christmas function lined up for your enjoyment (3rd December) and look forward to the challenge of meeting its member's needs and the purposes of the Council.

Gary Morgan
President

Christmas Seminar

Our last seminar for this year was well attended by members, who were entertained by economist Donal Curtin with his economic review of 2003, and some crystal ball gazing for 2004. Donal looked at what economic commentators were saying a year ago about the prospects for 2003. After three negative years from international sharemarkets they were picking US economic growth to be about 2%, and they were generally pessimistic especially with the prospects for a war with Iraq.

So what did happen in 2003? Well the war in Iraq was over fairly quickly and financial markets rallied strongly. The US lowered interest rates to record low levels to stimulate their economy, and President Bush gave further stimulus to the US economy with tax cuts. As we end 2003 the US economy is growing at about 4%, industrial production is up, company profits are at record high levels, and even the US unemployment rate is improving, so why did so many economist get this year wrong?

Donal felt that before you look at specific economic expectations; it's useful to know three things about economists' forecasts. The first thing is that they are, almost always too timid. Looking back in history there are always sharp movements both up and down, in interest rates, share prices, exchange rates and house prices, yet the typical forecast looks like the ECG in a TV hospital drama where the patient has just died.

Secondly there is only a loose link between making forecasts, and making money. If it were true there would be a lot of wealthy economists, and that is largely not the case. In order to make money, not only do you need to be right, but you also have to be significantly different from what most other forecasters and investors are expecting to happen.

The third thing to know about economists' forecasts is that the precise numbers themselves don't matter that much, its more important that they give the right signal what to do. A year ago the NZ dollar was 52 cents against the US dollar – currently it is close to 65 cents, almost nobody forecast the current exchange rate, but every economist was correct when they said the NZ dollar would appreciate during 2003.

To prove a point about economic forecasting, Donal predicted that the next day the Reserve Bank would follow the lead of the Australian Reserve Bank and raise interest rates by 0.25% - well they didn't, but early next year they will.

2004 Programme

The executive meets again in early February, and they will decide the dates and topics for Seminar or Council activities, with full details in our next newsletter.