



Estate and Taxation Planning Council New Zealand Inc

March 2005

Executive Report

It was pleasing to see so many of you at our Christmas function, with guest speaker Brian Gaynor. It is clear that holding this event in mid November allowed more of you attend as compared to the year before, with everyone's diaries getting so full in December. The message we heard from our membership is to continue with this regime for our Christmas 2005 function.

Planning is well underway for seminars and speakers for this year and for our AGM on 13th April. If you are not able to attend the AGM, please ensure that you send in your proxy. One of the focuses this year will be to grow the membership of the Council, whilst ensuring that any prospective members are of high calibre and meet the membership criteria as set down in the Council's Constitution.

Last year an attempt was made to set up a Canterbury Division of the Council, unfortunately this initiative failed to gain sufficient momentum. However, undeterred, your Executive is currently working on a potential Wellington Division, so if you have colleagues in Wellington who you believe would be interested, please send their contact details to myself or Gary Fitzpatrick.

It is with much sadness that I must report the recent tragic death of Rod Llewellyn, Cathy Atchison's husband. Cathy has of course been a long serving Executive member of the Council, and is well known to many of you. Our thoughts and support go to Cathy and her family. A donation in lieu of flowers has been made to Lifeline (as per the request of the family) on behalf of the Council.

Finally, thanks must once again go to those Executive members who give of their time to ensure the continued good health of the Estate and Taxation Planning Council of New Zealand Inc.

Gary Morgan
President

Christmas Seminar – The New Zealand Sharemarket by Brian Gaynor

Our Christmas Seminar was in mid-November, which ensured it was well attended ahead of the rush of Christmas functions. Members were able to enjoy some fine food and good company.

Brian Gaynor gave an overview of why the New Zealand sharemarket had performed so poorly compared to other markets. He covered the Boom and Bust period of the 1980's where small investors had their first experience of owning company shares, only to be badly burnt by a sharemarket that resembled the "Wild West" where just about anything was.

Brian looked at the size of the local sharemarket and why it was such a small part of the overall economy, compared with other countries. His figures clearly showed our preference for investing in residential property, with a \$50 billion increase in mortgage debt since 1996, against a \$ billion increase in the New Zealand sharemarket, and a \$17billion increase in managed funds.

Thanks to compulsory Superannuation, Australia has more than A\$760 billion invested in managed funds, compared with \$50 billion in New Zealand. On a per capita basis Australia has three times more money invested in the productive parts of their economy than we do.

There were a number of questions about how we change the New Zealand investment mentality of selling productive assets: i.e. our banks, insurance companies, breweries, supermarkets, newspapers, etc to overseas investors, while we continue to borrow money (mainly from overseas investors) to purchase more residential housing.

Brian felt that a lot of progress had been made by Mark Weldon as Chief Executive of NZX over the past couple of years. There was much better regulation and enforcement of the Takeovers Code, and a far higher quality of governance and management of listed companies, and the Shareholders Association, and some Institutional investors were becoming more active on shareholder issues. These facts plus some very strong returns over the past four years made the New Zealand market a lot more attractive for long-term investors.

The New Zealand Superannuation has allocated just over 20% of the funds to New Zealand assets, and this should have a big impact on the development of the New Zealand financial markets, including venture capital, infrastructure and forestry investments, over the next 20 years. The development of work-place savings would also ensure that more assets were invested in financial assets, rather than property and it would give the New Zealand economy more balance in the future.

AGM - 2005

Our next function is our Annual General Meeting. All the AGM notices have been e-mailed to members. If you wish to attend in person please contact: gfitzpatrick@nzgt.co.nz . If you are not attending please ensure that you complete and return your proxy form.

Date	Wednesday 13 April 2005
Time	12.30pm
Venue	Simpson Grierson, Simpson Grierson Building, Albert Street, Auckland.

Next Seminar - Is New Zealand still a haven for Foreign Trusts?

Over the last few years there has been a growing "cottage industry" in the areas of Offshore or Foreign Trusts in New Zealand. As with any successful business the Inland Revenue is looking to get "a piece of the action". Find out more about Foreign Trusts, and what impact the proposed legislation will have in this area.

Guest Presenter
Mike Reynolds, LLB

Mike is Managing Director of Anchor Trustees Limited. Mike has worked with several Auckland law firms in commercial law and litigation, and has specialised in corporate and trust structuring and administration for seventeen years. He is a foundation member of the New Zealand Trustees Association and is the New Zealand correspondent for several international publications. He was awarded the national Trustee of the Year 2000 award by the New Zealand Trustees Association. Mike is also a member of STEP and is a committee member of the New Zealand branch.

Wednesday, 22 June 2005
at 7:15am for a 7.30am breakfast at
Romfords, Tamaki Drive, Auckland
Members - No Charge
Non-Members - \$15.00

RSVP by 17 June to: Deeanah Winders, Martelli McKegg, PO Box 5745, Auckland
Email: drw@martellimckegg.co.nz Fax 309-4112; Phone 300-7618

Continuing Education Credits

The Executive is currently researching the requirements necessary to be able to offer credits to those members attending seminars who are accountants. For FPIA members, you can now keep your own records and as such most if not all seminars would count towards your educational credits.