

7 August 2003

## **GOVERNMENT NEEDS TO ENCOURAGE NZ INVESTORS**

"The announcement by the Revenue Minister, Dr Michael Cullen, to the Institute of Chartered Accountants in Auckland, warning that the Government would move to prevent New Zealand investors using certain overseas funds to escape tax only serves to highlight the importance of the savings industry's repeated calls for reform of taxation on savings", said Mr Arkinstall, CEO of the Investment Savings and Insurance Association.

"The savings industry has consistently sought action to remove the barriers and disincentives that have effectively overtaxed many savers in this country", Mr Arkinstall said.

"Faced with an unfriendly taxation environment for savings and competition from offshore investment products it comes as no great surprise if NZ fund managers have "pushed the envelope" in attempts to answer the call for competitive products by NZ investors", said Mr Arkinstall.

"Rather than negative messages, what New Zealand investors need to see are the steps that Government will take to provide a level playing field on which NZ saving products compete on an equal footing with a range of global saving opportunities, and further clear signals that increased personal savings levels are an important component of a strong vibrant and growing economy supported by actions that encourage savers", Mr Arkinstall said.

"The savings industry has long resisted resorting to exploration of loopholes in the tax system which we agree with the Minister, inevitably create short term gains and distortions. The industry was disappointed that the McLeod Tax Review failed to address the problems faced by NZ savers. This was a lost opportunity which may have pushed NZ product providers to seek creative solutions. Saving and investment takes place on a global stage. New Zealand fund managers compete with the best in the world and are under constant pressure to deliver competitive investment and savings vehicles for New Zealander investors. New Zealand investors and the savings industry continue to call for an encouraging savings environment."

Mr Arkinstall said, "the industry welcomes the opportunity to work with Government when it releases its consultation document in October."

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