

Creating Wealth for New Zealanders

A primer on the possibilities

CRAIG STOBO, SEPTEMBER 2008

PRESS RELEASE

'Creating Wealth for New Zealanders' is a primer prepared by Craig Stobo, following its commission by the Taupo Group – a group of leading New Zealand businesses.

New Zealand relies heavily on overseas savings and in particular debt to finance domestic investment. This has considerable risks. There are strong gains to be made from diversification of savings sources.

'Creating Wealth for New Zealanders' analyses New Zealand's saving and wealth record and makes specific recommendations for changes within the Government and private sector. The initiatives put forward by Craig and highlighted in the Executive Summary of the document are for public discussion, endorsement and prioritization for action.

Selected initiatives include:

- creating a New Zealand Asset and Liability Management Office,
- introducing compulsory financial literacy courses in schools in 2009,
- introducing zero tax rates for non-residents in New Zealand entities that own or manage foreign assets, and;
- altering the Approved Issuer Levy to encourage local debt issuance.

The impact of the initiatives put forward include improved performance from the government's assets and liabilities, better decisions by households that will expand their real options in the future, the development of a vibrant funds management industry located in New Zealand, and expanded investment options for New Zealand savers.

The Taupo Group welcomes the Primer's publication, and believes that building deep and liquid capital markets in New Zealand will provide an engine of growth for New Zealand companies, for New Zealand savers, and ultimately for the country as a whole.

The proposals have already found support among the business and political community, which indicates the recommendations are genuine solutions to the specific savings and wealth problems faced by New Zealand.

ENDS

Craig Stobo can be contacted on stobo@xtra.co.nz or 021 733 751 for further comment.

Please note that the attached report and slides are under embargo 9am Thursday 25 September 2008.