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## ISI Welcomes Tax Changes

*The Investment Savings and Insurance Association (ISI) has welcomed the tax changes announced in the Budget, saying it is a step in the right direction in creating a platform for greater savings by New Zealanders.*

ISI chief executive Vance Arkininstall says the announced tax changes provide a balance in giving New Zealanders more disposable income while encouraging saving and discouraging increased discretionary spending.

“By lowering personal tax rates and raising GST the Government is signalling to New Zealanders that they should take this opportunity to save more rather than spend more,” says ISI chief executive Vance Arkininstall.

While the changes to income tax and GST had already been signalled, Mr Arkininstall believes the lower tax rates for managed funds, KiwiSaver, superannuation funds and PIE funds are a bonus that will provide further incentive for savers. “I think it demonstrates Government is serious about increasing New Zealanders level of saving,” he says.

“This country faces a number of economic challenges, particularly with an aging population that will see only 2 New Zealanders working for every person on Government superannuation by 2033.” The current ratio is around 4:1.

Mr Arkininstall says one of the main reasons Australia has emerged from the Global Financial Crisis much faster than New Zealand is that Australian’s have more than \$1.3 trillion invested in savings (with almost two thirds of this invested in superannuation) versus the \$23.3 billion New Zealanders have invested across retail funds and the NZ Superannuation Fund.

“That means, on a per capita basis, Australia has \$59,750 saved for every Australian while we’ve only managed to save a mere \$5,330 for every Kiwi.”

“It’s one of the main reasons why Australia can support and stimulate its own economy,” says Arkininstall. “When capital was tight around the world, Australian businesses received financial support from their local savings industry. Businesses had access to funds, jobs were saved, and the machine kept running.”

“Quite simply, we need to save more as a country. Not only will it ensure Kiwis have a more comfortable retirement, it will also provide the sort of economic stimulus that will lift New Zealand’s international competitiveness and provide greater opportunities for growth and prosperity.”

For further information contact:  
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