

Wish-lists

for Budget 2007

What does business want from the Budget on Thursday? Lower taxes — and it's looking likely this is exactly what they'll get. The *Herald On Sunday* has asked six business leaders what else should be in Cullen's speech.



DEEP IN TALKS: Helen Clark and Michael Cullen after the reading of last year's Budget.

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FINANCE

DEBORAH CARLYON, financial planner director with Auckland-based financial advisory firm Stuart+Carlyon:

■ The KiwiSaver voluntary workplace retirement scheme starts on July 1. With no employer information packs from IRD until June, this Budget is the time for the Government to finalise details and make KiwiSaver more attractive.

■ It's great for first-home buyers, if you qualify, but for others there's very little incentive to join. Don't let the \$1,000 Government gift seduce you.

■ It's vital to weigh up your situation before opting in or out. If your employer can't be pressured into making a tax-free contribution, all your savings will be from after tax salary. So why lock that money away to age 65? You'll be better off saving into a port-



CARLYON

folio investment entity managed fund. It has the same maximum 33 per cent investment tax rate as KiwiSaver but you can access the money any time.

■ Unfortunately, tax distortions will continue to lure investors. Rental property expenses can reduce your tax bill and provide a tax-free capital gain when you sell. If politicians don't want to change that, KiwiSaver needs tax incentives to compete.

■ Look out for tax breaks on employee contributions to be announced in the Budget. A lower tax on fund earnings would be great. A tighter definition of salary and wages would help avoid a fishhook. I don't think anyone contracting 8 per cent of a salary will be happy when 8 per cent of their annual bonus is locked up in KiwiSaver as well.

SUSTAINABLE DEVELOPMENT

PETER NEILSON, chief executive of the New Zealand Business Council for Sustainable Development, would like to see policies to improve Kiwis' quality of life, including:

■ A firm commitment to carbon emissions trading in place as soon as possible and before 2012. This will send price signals to all sectors to manage emissions, and deliver economic, health and other benefits as emissions are cut.

■ Progress on user-pays policies, such as a levy to deter solid waste going to landfill and a fund to spark investment in projects to profit from reducing, recycling and finding new uses for waste.

■ Popular emissions reduction policies, such as cash incentives to buyers of fuel-efficient, low-emission vehicles, mass insulation

of unhealthy homes and a major public-private sector investment initiative to invest in new emissions reduction research and technology with a potential multi-billion dollar global payback.

■ Programmes to help Kiwis manage climate change, including ones to advise people how to cut emissions and improve their quality of life, while saving money.

■ Tax cuts for businesses and flattening of personal tax levels.

■ Policy changes making it much easier for successful New Zealanders to return home and invest here, along with skilled people and wealthy migrants.

■ A major roll-out of sustainable procurement by government agencies, redirecting more than \$6 billion in state spending into products and services based on their real whole-of-life cost.



NEILSON