

25 October 2001

Mr Toby Norgate  
Lawyer  
Securities Commission  
PO Box 1179  
**WELLINGTON**

## **LAW REFORM: INVESTMENT ADVISERS**

Dear Mr Norgate

I refer to the Securities Commission discussion paper *Law Reform: Investment Advisers*.

Business New Zealand incorporates regional employers' and manufacturers' organisations. The regional organisations consist of the Employers and Manufacturers Association (Northern), Employers and Manufacturers' Federation (Central), Canterbury Manufacturers' Association, Canterbury Employers' Chambers of Commerce, and the Otago-Southland Employers' Association. Business New Zealand represents business and employer interests in all matters affecting those sectors.

Business New Zealand has considered the discussion paper, and we have consulted our regional organisations and affiliated industry groups. Overall, Business New Zealand supports the broad thrust of the proposals contained in the discussion paper. In particular, we agree with the proposal that the information in the existing two tiers of disclosure should be disclosed to an investor in a single statement prior to investment advice being given. On other matters raised in the discussion paper, including the detailed questions posed in the discussion paper, we would endorse the views expressed by the Investment Savings and Insurance Association in its submission.

We are aware that there are wider policy issues regarding investment advisers and investment in general, which ought to be addressed by the Government but are outside the ambit of this particular review. Despite much publicity, New Zealanders are still very poor at saving for their retirement. The Government professes to wish to see an increase in individual responsibility for retirement saving, but this requires a regulatory environment that does not impose onerous compliance costs on small employer superannuation schemes and modest private investment, for example. Business New Zealand would welcome a wider review of these important issues.

Thank you for the opportunity to comment on the discussion paper.

Yours sincerely

Simon Carlaw  
Chief Executive