



Office of Hon Peter Dunne

MP for Ohariu

Minister of Revenue

Associate Minister of Health

- 6 APR 2010

Ms Liz Baxendine QSO
President
Age Concern New Zealand
PO Box 10688
Wellington 6143

Dear Ms Baxendine

Your letter of 16 February 2010 to the Prime Minister, Hon John Key, in which you have raised the issue of increasing GST, has been referred to me, as Minister of Revenue, for response.

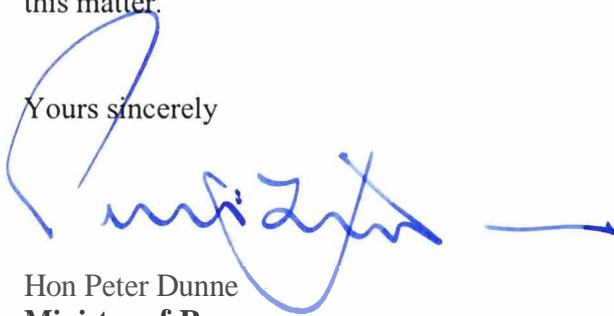
The Government is considering, as part of its Budget decision making process, the proposals suggested by the Tax Working Group, including raising GST to 15%. A change to the rate of GST is being contemplated as part of a wider package designed to alter the overall tax mix, to help improve New Zealand's economic growth. Hence the Prime Minister, Hon John Key, in his statement to Parliament on 9 February 2010, referred to the potential for cuts in personal tax rates. Consideration would also be given to any equity concerns arising **from** an increase in GST.

The Government recognises the concerns that some superannuitants have with regard to rising prices. Although the Government has not made final decisions as to whether to increase GST, the Prime Minister, Hon John Key, also noted in his statement of 9 February, that if GST did increase, superannuation payments would be immediately increased to compensate for any change in prices. This would be in addition to a tax cut, so the combined effect would see many superannuitants better off.

The Government is keen to ensure that the tax system rewards effort, encourages savings and helps families to get ahead. It would not embark on a policy of increasing GST unless it would benefit the New **Zealand** economy in the long term and unless it saw the vast bulk of New Zealanders better off.

Thank you for writing, and I trust that my comments **clarify** the Government's position on this matter.

Yours sincerely



Hon Peter Dunne
Minister of Revenue