



MACKAY

ON MONEY

BY AUTHORISED FINANCIAL ADVISER CHRIS MACKAY

Some of my “if I were King” list for 2015:

1. I would ensure the smart people in the Wellington region sign a petition demanding a referendum on local body amalgamation.
2. That enough smart people vote in the anti-amalgamation referendum based on the facts; and to name a few:-

There is no evidence that indicates any cost savings from a local body amalgamation of Lower Hutt, Upper Hutt, Wellington, Porirua, Kapiti and the Wairarapa. International experience emphatically suggests the opposite.

The Local Government Commission (LGC) has estimated an initial cost of at least \$184 million to put all these councils together, but the figure could be as high as \$229 million. And with interest factored in, the cost could be

\$240 – \$260 million. Who will pay this? Ratepayers, that’s who.

Estimated and hugely optimistic costs savings will take 10 to 16 years to be realised. Most likely, savings will never eventuate.

In Auckland, the collective salary bill was meant to decrease by \$100 million on amalgamation. In reality it has gone up by \$90 million and the number of officers earning over \$100,000 p.a. increased by an incredible 53 per cent over the past two years.

Democracy will suffer. Four councillors from the Hutt versus 12 plus mayor. And only two from Upper Hutt.

The Queensland Local Government Reform Alliance (QLGRA) says it has been through seven years of amalgamation and now de-amalgamation of their councils. Their experience of amalgamation has been expensive and ineffective. The effect on local democracy is devastating whenever amalgamation has been put in place.

A year or so back, there were 449 people working for Lower Hutt City Council (LHCC). Of these 229 were actually housed in the Laings Road buildings (possibly now up at the VIC temporary building). LHCC is one of the Valley’s largest employers. Most of the 229 would end up working in

Wellington and straight to the clutches of the Lambton Quay retailers and to the detriment of our retailers and cafes.

3. Sort out the imbalance of one per cent owning 50 per cent of the world’s wealth. It’s wrong and ultimately the poorest of the 99 per cent will revolt.
4. Bring some sanity to CEOs of public companies and Government Departments receiving a disproportionate amount of the pot. Remember their goolies aren’t on the line. They don’t own the company or organisation. Their capital isn’t at stake. They need to stop the greed and remember the other stakeholders, the other employees and the shareholders. And in the case of Government Departments, remember us, the taxpayers who pay their outrageous salaries.
5. When I ring the *Dominion Post* to change a delivery, I expect to speak to someone from around here, maybe a Kiwi from Dunedin at a pinch. But not Marlina from Manila. I’ve had similar conversations with Telecom or Spark call centres. Why can’t they use local call centres? Let’s make it a law – Kiwi call centres for Kiwis!
6. Some insurance companies do this too. They have their administration based in Bangalore or someplace foreign. Use Kiwis in NZ eh!
7. When I walk down a main street (not just in the Hutt) and smile or say “giddyay” to someone, why can’t they all smile or nod back? There are a lot of strange people around! But I’m a realist; we probably can’t legislate for being a nice person.
8. How come when there’s an accident in the north bound lane from Wellington to the Hutt Valley, the whole south bound lane goes to a crawl too? And how come

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when you get through a slow queue, you suddenly find yourself in open space and there's nothing that's caused the snail pace? I'd fix that if I were King.

9. I'd pass a law so receptionists who work for GPs, specialists and schools went to and passed an intensive "KiwiHost" seminar and examination. How come they are so bitchy and grumpy often? My G.P., Urologist and Skin Specialist receptionists don't fit this bad mould but it seems to me they are the minority.

10. I went to a Cardiologist a year ago and boy was he arrogant and up himself. I was paying for it (or at least my medical insurer was) but he treated me like some third world charity case. He took two phone calls during my one-on-one consultation, completely dismissed the educated and referenced questions I asked, and then didn't even bother to write me or my GP a summary letter afterwards. A complete tosser. I would demand that before selecting trainee doctors they have a mandatory "bedside manner" exam. And pass it!

11. Over Christmas I bought some clothes on line from an Aussie company and paid via a credit card. I prefer to support our Kiwi retailers but I really like this particular brand and haven't seen any here before. But what's wrong is there should be GST paid somewhere to help pay health, education and infrastructure costs. Apparently if the purchase is over \$400 then this triggers some GST alarm. But it appears this is overlooked or not policed very well. Why doesn't the government simply decree any and every on line overseas transaction has 15 per cent put on it and deducted automatically by the credit card company? I pay a subscription to an organisation of the top financial professionals worldwide called Million Dollar Round Table. This shouldn't be GSTable but under this idea the credit card provider should levy me regardless, when I pay, and I subsequently have to put in a claim to get the 15 per cent back. There will be hundreds of millions if not billions of dollars the IRD should be collecting off overseas internet purchases.

The banks could facilitate this but just don't want to be helpful and why should they? They're mostly Aussie owned and don't give a toss about New Zealand. If you think I'm being cynical, remember the BNZ (owned by National Bank of

Australia), Westpac (Aussie owned), ASB (owned by Commercial Bank of Australia) and ANZ (Aussie owned) collectively did a deal with the IRD in late 2009 agreeing to pay about \$2.2 billion in back taxes they had been trying their darnest to avoid. I'd sort these guys out if I were King.

12. Talking about GST, here's another idea to encourage home ownership. If you are a brand new home owner (use the same definition as for KiwiSavers buying their first home), be allowed to claim back any GST on a new home build. This will encourage new building with all the add-on advantages and help with the home affordability or unaffordability issues facing many Kiwi families. If the

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house is sold within say 10 years, then the GST has to be repaid. Simple.

13. Closer to home, give parkers in the Lower Hutt CBD, the first 15 or 30 minutes free. Make it friendly to shop in the Hutt (anywhere but Westfield). Petone is parking friendly, maybe High Street and Queens Drive could be the same.

14. Don't let Wayne Barnes referee an All Black game in the World Cup – please. And don't allow captains to plead with referees to have another public look on the big screen, and another and another.

15. Plant lots of decent trees on Queens Drive please to smarten up the CBD. Not more of the stupid palms that have a small tuft of leaves on the top. They look like Sideshow Bob from The Simpsons.

16. I wouldn't allow the Greater Wellington Regional Council (which appears to have grandiose plans for itself and its chairperson) to spend our ratepayers' money on a campaign to amalgamate. It's wrong and a misuse of our dough.

17. By all means the government should upgrade their stock of housing units, but

Continued on page 6...

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...continued from page 5

first offer them to the existing tenants at a discount even. In fact, give them a suspensory loan to help them with a deposit. If they continue to own and live in the house for so many years, write the loan off. Home ownership is good for us all. Don't sell them to investors – please.

18. In the 1980s we lived in Bellevue Road. At that stage there was a solid impenetrable forest of trees and shrubs on the east side of the Hutt Rec bordering Bellevue Road.

I suggested to the appropriate Council officer the Hutt Rec would be enhanced and appreciated by more citizens if the trees were thinned so you could look

through them from the road. Absolutely not was the reply. Stupid idea. Well a few years ago, that is exactly what happened. Some bright spark saw the light. The trees were thinned appropriately and passersby could see the beauty of the Hutt Rec. Too late for us – we had moved. Well, over Christmas, they chopped down all the Hutt Rec trees about half way down Bellevue Road going north. Now it looks bare and unattractive. Replant some more trees – please.

19. I would make medical insurance tax deductible or rebateable. Company paid schemes should be non FBTable. If the government could get people going private for appropriate surgery, it would take the load off the public system. It's simple and logical.

20. There's a ton of Wellington and Hutt Valley buildings that need earthquake strengthening. I understand that the cost is generally not tax deductible and should be. It would give the Wellington region construction activity and it makes perfect sense anyway.

21. You know those calls you get from some foreign sounding gentleman purporting to work for Microsoft or the like, saying your computer is on the blink. They then rip you off and get you to send them some hard earned silver. What about a device on your phone you could push which then caused the crooks' phones to explode? That would soon sort these crims out.

22. Penultimately, what about a bit of international religious tolerance? We've been through the intolerance story in NZ in the old days. I know someone whose Catholic parents let their grandchild be brought up without a father instead of their daughter marrying an Anglican. This was over 60 years ago and thankfully that doesn't happen today. My brother-in-law at a public swimming pool in Glasgow in the 1950s was asked if he were Catholic or Protestant. He replied he didn't know. After getting roughly pushed into the pool and asking why did they do that – he was told "If you don't know, you must be a Protestant".

Let's remember NZ is a great country characterised by religious

and racial tolerance and most of us being nicely "mixed up". (My kids' for can whakapapa back to Scottish, Welsh, English, Dutch and Danish antecedents, all of whom sailed to NZ between the 1840s and the 1880s.)

23. I'd ensure a core subject they teach in school was "financial literacy". Kiwi Kids need to know about all types of mortgages, interest rates, how KiwiSaver works, the magic of compound interest, finance company loans, payday loans, HP agreements, renting and owning, tenancy bonds, employment agreements, budgeting, shares, bonds, commercial property and so on.

24. And lastly, of course – world peace!

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