

Mackay

ON

LOCAL AND NATIONAL ISSUES

BY FINANCIAL PLANNER CHRIS MACKAY

AS WE MARCH INTO THE SECOND QUARTER OF 2009, HERE ARE A FEW THOUGHTS ON BOTH A LOCAL AND NATIONAL LEVEL.

We are all getting sick of the bad news stories the newspapers and the telly regularly feature, especially as regards financial type things.

It is a pity journalists and newspapers do not print and report a few more of the good stories. For example recently the share markets in both New Zealand and internationally have posted some fantastic results but there is hardly a word about it or a positive headline to counter all the crappy stories we have been fed for the past 12 months.

- There has been a bit of talk about amalgamating all the local Councils, following on from a recommendation Auckland do the same.

I reckon it would be disastrous for Lower Hutt and Upper Hutt. What will be the deal? Lower Hutt: two Councillors, just like with the current Regional Council. Upper Hutt: one perhaps? Do we really think that is going to give us a bigger say in how our city operates? All this means is less democracy. We will have less chance to talk to Councillors or to make our opinion known. Most Wellingtonians I know regard the Hutt as some sort of backwater hick town. With them providing most of the Councillors, they will be really interested in looking after Lower and Upper Hutt. Yeah right!

I was a Lower Hutt City Councillor from 1983 to 1986 and went through all the various arguments for the amalgamation of Lower Hutt, Petone, Eastbourne and Wainuimata at that time. Sir Brian Elwood, ex Mayor of Palmerston North,

was the chap charged with pushing all these things through. The amalgamation we were promised was going to be absolutely fantastic. Collectively the new organisation would save millions of dollars and all our rates would go down, services would improve and it would be the best thing since sliced bread.

At the time, I had been through a couple of amalgamations in the insurance industry when National Mutual took over or merged with Commercial Union and then with Temperance & General. We heard the same fallacious arguments. Seems to me all these mergers result in is for a few management positions to disappear causing the top bods who remain to simply divide up the savings among themselves. No-one else seems to become any better off. So, at the time, I was anti the amalgamation. Did not make any difference mind you.

Since it went ahead, no-one I have spoken to from Eastbourne, Petone, Wainui or the Hutt feels they have saved anything off their rates or got any better services. In fact depending on where you are from, most think they have subsidised the other areas. Wellington is already trying to flog our water and stuff up the Hutt river. Let us hope this idiotic amalgamation proposal does not become a reality enabling them to do just that.

- Talking about water, I have been reading about some people's ideas to meter our water. I am sure I saw the cost was going to be 40 or 50 million dollars. As I mentioned last year, I reckon Kapiti Council's ideas are smarter. They employ

the services of a "green" plumber who goes around the town fixing leaky taps for free. They save millions of litres per year apparently. New houses though do have to put in tanks to save grey water which is then used for irrigation.

- Our CBD looks pretty down market I believe. Queens Drive desperately needs a makeover. High Street looks a lot nicer now but seems to be full of empty shops. I do not know what bright spark in the Council thought it was a good idea to reduce the kerbside parking numbers in High Street against the retailers' wishes. Maybe it is a Wellingtonian who has infiltrated our ranks.
- I think John Key's idea on a cycle track the length of New Zealand is a brilliant one. What a wonderful idea for tourism and to help Kiwis themselves get fit and see their own country.
- I thought it was absolutely shocking the Army had awarded a contract for wet-weather gear for troops to a Chinese firm. Almost \$2 million disappears out of Levin and that is very sad.
- I did not think it was a particularly great idea to bump up the minimum wage recently either. This was announced at a time when Telecom shed about 250 jobs to a Manila call centre. Apparently the Kiwi call centre workers earn about \$35,000 p.a. or about \$17.50 per hour and the Manila call centre workers earn a salary of \$9,389 p.a. or less than \$5 per hour. So what do we do in New

Zealand? Keep bumping up the minimum wage so all our jobs eventually end up offshore somewhere? I know there are arguments for and against. But for me, at the moment, it just does not make much sense.

- Another thing which does not make too much sense is the Government removing the employers' subsidy for KiwiSaver. This does not affect employees in any way, but employers of all sizes will suffer as from April 1. I calculated Fisher & Paykel Appliances for example, who employ about 1,500 in New Zealand by all accounts, with an assumed KiwiSaver take-up rate of say one-third (500 employees), would be losing \$500,000 per year in lost Government KiwiSaver subsidies. Fisher & Paykel are one of the crowds who are looking to go to a nine day fortnight and so presumably can do with all the help they can get. I think the Government has screwed up this aspect of KiwiSaver badly, plus they have also reduced the percentage at which the contribution tax applies from four per cent down to two per cent of employer contributions. That is a couple of really dumb moves.

- Considering myself a bit of an expert in superannuation and its history in New Zealand, I was very surprised at a New Year's Eve party when chatting to someone who now works for the NZ Superannuation (Cullen) Fund. It just reminds me of how short memories can be. This guy worked for Treasury in the 80s. I reminded him Roger Douglas as Minister of Finance had effectively dismantled the superannuation industry by his December 1987 decision to remove personal and employer exemptions for superannuation/pension schemes

This chap said he had no knowledge of Douglas doing any such thing and was not aware after that foolish move, that companies started winding up their employee superannuation schemes in droves. And thereby denied New Zealand the opportunity to create its own funding mechanism to finance so many of the projects requiring big chunks of capital. Instead we have ended up borrowing it from Australia and the rest of the world plus sold heaps of our good companies overseas. Good old Roger eh? But this ex Treasury fella knew nothing about all this which reinforces my jaundiced view of most of those who sit in that particular

department. Apparently Bill English too did a stint there in his youth.

- The Government has done a great thing in instituting some system of bonding for doctors. I have been pushing this for years including publicly in this column. So good on you National!
- My last observation relates to the changes to the Honours system. I have always been pretty interested in the Honours system in New Zealand. My brother did a thesis on it at University a few years ago and maybe it has rubbed off on me. When Labour got rid of the old system I could hardly be bothered reading who

had got what in the Queen's Birthday and New Year's Honours list. I did not quite understand what the new letters meant, probably like most Kiwis. So I welcome the new changes.

- It seems very fitting the newest recipient of a knighthood should be one of Lower Hutt's newest residents, the Governor General, who of course now resides in Vogel House in Woburn Road. Knights and Dames have always been part of the Valley. It was always very good for Lower Hutt in the old days having Sir John Kennedy-Good and my father's sister Lady Kennedy-Good, as our Mayor and Mayoress. As a young lad, my parent's

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A disclosure statement is available on request and free of charge.

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house shared boundaries with Sir Charles Cotton, a famous Professor of Geology at Victoria University, and Sir Clifford Plimmer, a captain of industry. Vice Admiral Sir Somerford Teagle, stalwart of Te Omanga Hospice was the son of yet another neighbour. Dame Vivienne Boyd an ex President of the National Council of Women was a Hutt personality and one of Dad's patients. And of course Sir Walter Nash, ex Prime Minister, lived locally also and went to our church, St James.

- A few years ago I was speaking at an insurance and superannuation conference in Perth. I was asked to a cocktail party with others also speaking at the conference and ended up having a nice chat to David Lange who by then had retired from politics and was on the speaking circuit. He spoke brilliantly by the way and made all the Kiwis in the audience feel very proud of him. For some reason, we started talking about the Honours' system and in particular knighthoods. Being a fellow Huttite and having gone to school with Bob Jones' brother, I questioned the ex Prime Minister on the criteria his Government had used in selecting Bob as a "Sir". Alluding to Sir Bob's altercation while fishing up Turangi way a few years earlier, quick as a flash Lange came back to me "anyone who punches a journalist in the nose deserves a knighthood."
- It all becomes clear now; if that was the criterion for getting a "gong", that's why Helen Clark got rid of "Sirs" and "Dames".