

Mackay

ON MONEY

BY AUTHORISED FINANCIAL ADVISER CHRIS MACKAY

To amalgamate or not to amalgamate?

I speak with some historical knowledge.

I was a City Councillor in the 80's when Hutt went through an amalgamation and I am interested in anything that is good for our local community.

I was born in the Hutt and was educated here at Waiwhetu Primary School, Hutt Intermediate, Hutt Valley High School and at Victoria University.

I have been self employed as a financial adviser since 1976 and have run my business from Queens Drive, Lower Hutt since 1979.

Before I start, it would be worth noting this whole local body reorganisation starting with the Auckland so called Super City appears to me to be a right wing ACT party initiative promoted by the now largely discredited and unpopular former ACT party leader Rodney Hide. ACT I will remind everyone has but one MP now but their legacy lives on it seems.

Over the past few months with friends and associates, I have been conducting a straw poll. The overwhelming results are that NO-ONE wants to merge with Wellington. There's some sympathy for a merger with Upper Hutt but only if some muddling Central Government politician forces us to.

The overriding question though is: WHY?

There's an old expression – if it ain't broke – don't fix it.

Lower Hutt's civic debt is one of the lowest in the country and certainly in the region. Hutt City sits at \$703 borrowings per resident and Upper Hutt at only \$650 compared to Wellington at \$2,082 and Kapiti at \$2,926.

Our history of rates increases is of prudent restraint and again some of the lowest in the country.

Upper Hutt's average rates revenue per resident are \$787. Hutt City's are \$935. Wellington's are \$1,335.

There are of course improvements to our city that should be made, in particular with reference to the CBD, but this is not a reason

to get into bed with Wellington, Porirua, Kapiti or Upper Hutt.

When I was a Hutt City Councillor in the 80's, David Lange's Labour Government appointed Sir Brian Elwood, former Mayor of Palmerston North, to have a cursory listen and consultation, but in fact I believe he was charged with the job of amalgamation of some local authorities regardless of what the locals wanted. A conspiracy theorist may opine it was possibly Wellington Region Local Government Review Panel Chairman Sir Geoffrey Palmer's old colleague Roger Douglas (himself a member of Rodney's recent ACT caucus) who was pushing one of his many agendas? Or it was simply the then Local Government Minister Michael Bassett (no relation of our own hard working Deputy Mayor David Bassett!) enjoying a good old meddle.

Sir Brian proposed the Hutt amalgamate with Wainuiomata, Eastbourne and Petone. I cannot recall any referendum and despite a majority of local body representatives and constituents being against it, the merger proceeded.

I do remember speaking in opposition to it going ahead because I knew what would and wouldn't happen.

Concurrently in the early 80's, I had just been a keen and involved spectator in a large insurance company merging with two other big players.

Why did they do it?

It was obvious – of course.

To generate cost savings by avoiding duplication, economies of scale, increased profitability and better products for our customers.

What actually happened?

Short term – Chaos and inefficiencies as redundancies kicked in and administration turned to custard.

Long term – The top few layers all had large salary increases amidst some good old fashioned empire building – and for the rest of the new company – business as usual, no

price reductions for customers, profitability about the same. Waste of time.

And basically that's what happened after the Hutt, Wainui, Eastbourne and Petone merger.

The CEO and senior managers' salaries went up and councillors earned more. In the mid 80's councillors received \$27 per meeting for say 40 meetings a year. That's \$1,080 p.a. Inflation adjusted – that's approximately \$3,700 according to the Reserve Bank calculator.

Compared with say \$50k today per councillor.

I think the Mayor used to earn about \$20,000 in 1986 – that translates to \$69,000 with inflation versus Mayor Wallace's salary of \$128,400 today.

Did our rates go down like the Politicians said they would? – Of course not!

Did our services improve? – Not likely. In fact in the 80's, our rates even included rubbish collection – but soon after amalgamation, we had to pay for that service as an extra.

A Wainui resident recently told me after amalgamation for example she felt the Wainuiomata flower gardens were not tended to as they had been and she believed there was a marked deterioration in the number of times the street gutters were and still are cleaned.

Let's look at representation briefly.

I spoke to Councillor Chris Milne recently who suggested if Hutt did merge with Wellington, we may get two or three representatives on a new Council.

Forget having community boards – we know they are of limited value.

Two or three councillors for all of Eastbourne, Petone, Central Hutt, Woburn, Waterloo, Epuni, Wainuiomata, Naenae, Taita, Stokes Valley, Maungaraki, Korokoro, Harbourview, Tirohanga and Kelson – we'll be well looked after – yeah right.

The only way to get our fair share of services is for people of every area to be represented, directly at the council table, not via some

community board with no power or teeth that probably won't be listened to anyway.

The longer I'm on this earth and the more I read and observe human nature and actions, I realise people are not inherently fair or impartial even if they think they are.

They look after themselves and their own patch.

We cannot rely on someone who lives in Seatoun or Heretaunga to push our barrow on a concern pertinent to Lower Hutt.

For heaven's sake, most Wellingtonians think Lower Hutt is some backwater inhabited by bogans and low lifes.

The majority of Wellingtonians have never ventured past Jackson Street in Petone.

Local money should be spent locally.

I do not trust a majority of non Hutt councillors to vote fairly on where to spend our rates.

I do not want Lower Hutt citizens to lose their community identity and to become a satellite city of big brother Wellington.

Coming now to office accommodation for our Hutt Council employees – I know there is an issue with our Civic buildings – but let's say we did get swallowed up by Wellington. There are 449 people working for the Council in total and there are 229 people actually working in the buildings in Laings Road. The Council is one of the largest employers in the Valley.

Assuming they all get shifted into Wellington or get made redundant and cannot find another job – quite a reasonable assumption in today's climate – that means another 229 potential customers High Street, Queens Drive and Westfield will lose out on, on a daily basis.

The same rationale is true if we amalgamate with Upper Hutt and shift our people to the Upper Hutt council buildings.

It may solve a short term problem – but it puts another nail in the coffin of the poor old retailer in Lower Hutt. Upper Hutt's CBD will be the winner with a massive injection of cash generated by 229 new shoppers.

There are also carbon footprint issues with Hutt Council employees having to drive to Wellington or Upper Hutt.

There would probably be issues with builders and developers having to travel to Wellington or Upper Hutt to talk to senior council officers about building related matters and this could influence future building and development in the Valley detrimentally.

Another issue would be the way rates are levied on the Hutt's rural ratepayers. There are some complicating factors that could mean they get very unfairly treated if we amalgamated with Wellington.

From a positive viewpoint, there are good reasons for all the local councils to collaborate and share some services and standardise various procedures. This can be achieved without amalgamation however.

IN SUMMARY

There's no good or sound reason for amalgamation.

There will be no cost savings that translate into lower rates.

The good citizens of Lower Hutt will lose their community identity.

The Hutt CBD will suffer further.

We will be the poor cousin if we amalgamate with Wellington and our services will suffer.

We will end up as a backwater even if we amalgamate with Upper Hutt, because Council HQ would end up in Upper Hutt and not in Lower Hutt.

And lastly –

Our democratic rights will be compromised severely with a Wellington merger. Most suburbs will have no representation, and even an Upper Hutt merger will be bad news for democracy and will mean less access to our local councillors.

I would vote for the status quo!

These are generalised comments only and should not be taken as personalised advice. A disclosure Statement is available on request and free of charge.



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