



MacKay

ON MONEY

(AND OTHER THINGS)

BY AUTHORISED FINANCIAL ADVISER CHRIS MACKAY

In early October, I was meant to be attending an international financial services conference in Dubai. And then on to a bus tour around Spain, Portugal and Morocco.

Well, of course COVID scuttled that, so like many Kiwis, the perfect woman and I decided we would save the economy and do a New Zealand road trip following the sun and driving to Taranaki.

As a rule, I don't have much faith in Dan the weather man on *TV One*, but I trust Renée. So, when she told me it was going to rain in New Plymouth, and that Hawke's Bay, Poverty Bay and Bay of Plenty were yellow and sunny, we changed our plans.

First stop – Napier and Hawke's Bay or is it Hawke Bay? Well, here you go. According to the LINZ website, "in 1983 the New Zealand Geographic Board assigned the name 'Hawke Bay' officially for the body of water and 'Hawke's Bay' for the 'County, Land District and Province' – confirming long standing use and helping make the distinction between the administrative areas and the water feature".

So, for accuracy purposes, our motel on Marine Parade, Napier looked over the beachside promenade, framed by the signature Norfolk Pines and out to the beautiful Hawke Bay. Our view was sensational, and outside in Hawke's Bay it was warm and sunny.

The motel guys warned us to ask any

future potential accommodation providers whether they were providing any emergency housing. There's a bit of a countrywide issue apparently, with parties, gangs, fights, drugs and regular police visits. Our Taupo host, again on the waterfront, told us if he took us to park outside a motel a couple of streets back, we would witness seeing the cops arrive within an hour or two to sort out some fracas or another. It seems some motels have had nothing to do with the emergency housing arrangements, some have embraced it as a survival mechanism and others have gone with a hybrid model. These are the ones to avoid we were told.

The Napier moteliere pointed us to their favourite café for breakfast. We signed in on the bar code thing and the mask-less barista girl greeted us with a moist, juicy hacking cough. She must have sensed our wincing because she proudly told us it was all just fine as she'd been tested for COVID and was negative. Her cough was "only a chest infection" she informed us, making us feel so much better. We had a polite cursory look at the cabinet food and then fled.

Hawke's Bay has some fabulous bike trails and we had a great ride down Marine Parade, bypassing Clive, through Haumoana, Te Awanga and almost to Clifton. Clifton, I discovered is a coastal beach reserve motor camp 18 kilometres from Napier and eight kilometres west of the tip of Cape Kidnappers. However, a kilometre from the destination, we stopped in at the 4 Square shop who informed us the Clifton café was shut on a Monday meaning we didn't get to check out their particular barista's health. Instead we had a can of coke and a banana sitting at a picnic table on a reserve looking out on the Bay's breaking waves and flanked by two derelict old seaside bachs which were slowly being munted by the eroding and relentless march of the ocean.

Continued on opposite page...

The team dedicated to your financial future.



Chris MacKay
AFA, BCA, CLU, CFP™, Fellow Financial Advice NZ
Authorised Financial Adviser
Certified Financial Planner



Ian Jordan
AFA, Dip.FA, Cert PFS, CeMAP
Authorised Financial Adviser
UK Pension transfers



Chris Cornford
AFA
Authorised Financial Adviser



Blair Bennett
AFA, MBS, Dip. Bus & Admin, F Fin, Dip. Banking.
Authorised Financial Adviser



George MacKay
AFA
Authorised Financial Adviser

KiwiSaver, Insurance, Retirement Planning, Wealth Management, Mortgages.

PH: **04 570 2233**

Level 5, MacKay House,
92 Queens Drive, Lower Hutt.

E: office@mackay.co.nz

W: mackay.co.nz W: plus4.co.nz



MacKay
Financial Advice & Solutions

Disclosure Statements are available on request and free of charge.

That evening we tuned in to Renée and she predicted Gisborne would be covered by a big sun, so that's where we set out for the next day. Like athletes on the first day back training, we sucked our breaths in and kept left as we encountered logging truck after logging truck heading back to Napier and after the midway point – forward and enroute to Gisborne. There are forests for Africa up the East Coast and the freshly milled hillsides are reminiscent of Beirut after the recent explosion. Forestry seems to be Gisborne's main earner and the port is very busy and chocker full of China destined pine logs.

There are contrarian signs on the side of the road however saying "Farms for food, not pines" so not everyone is happy about forestry. Some profiteers are apparently buying good sheep and cattle land and planting pines solely in order to get the carbon credits. They're not even planning to prune or harvest the trees. I didn't quite get it, but that's what some traditional farmers are banging on about in opposition to Shane Jones' timber tack.

In a June 21, 2020 article from *Newshub*, Lisette Reymer writes "The Emissions Trading Scheme (ETS) makes carbon farming a financial windfall for landowners – often making it more lucrative than farming stock or milling trees for export. And east coasters fear an impending forestry boom will turn more of its communities into ghost towns'.

She goes on to say 'Aaron Jones and his friends have lived in Tokomaru Bay their whole lives, but the farms they used to work on are now planted in pine trees. It's caused a lot of rural residents to move out of the area.'

"You look at a lot of people who have moved away... Everyone has gone away to work, because there's no work here." Aaron Jones told *Newshub*.

"The banks are long gone from the town, along with the post shop and the farm supply store. The local school is only just hanging on – and so are the last of the locals.

It shouldn't have been planted; it's a waste of land."

'While forestry is job-rich during the harvest, there's no harvest if you're only farming carbon.'

"If we keep planting pine and pine and pine, we won't have communities and farmland in New Zealand," Leigh Tennant from Puketoro Station said.

'New Zealand has a goal to be carbon neutral by 2050, and now the ETS has turned carbon into a currency. If someone plants a tree, they earn 'credits' for the carbon dioxide it soaks up. They can then sell that credit to a company which is having to offset its emissions.

The price of a credit is reaching record highs, so there is little incentive to chop the trees down.'

Pines (*pinus radiata*, also known as Monterey pine) introduced to NZ in the late 1850s, take about 25 to 30 years to be ready for harvest. A hectare of trees, grown under very good conditions, such as a deep pumice soil and mild climate, may produce 840 cubic metres of wood at 28 years according to teara.govt.nz.

And at the moment, there are plenty of mature forests being harvested. I've tried to estimate how much a loaded truck and trailer loaded to the gunwales full of pine logs is worth. Back in March 2017, the average price of radiata logs exported from NZ per cubic metre was \$193 for pruned logs, \$137 for A Grade, \$131 for K Grade and \$112 for pulp, so based on this, I still have no idea what each truckload was worth. Quite a lot I'd say. I asked an old Hutt High mate, Graham Matthews who knows about this stuff. I asked what would a log on one of the logging trucks be worth to the farmer at present. He replied: "Depends on grade of log, pruned or unpruned and size. Good pruned logs are approximately \$170/ tonne down to low grade unpruned at approximately \$100/ tonne or less. About 30 tonnes per load. So potentially average logs could be worth \$140 – \$150."

I counted the logs on the odd truck and it seemed to average out at about 20, so that's say \$2,800 to \$3,000 per truck load for the forestry owner.

So, I can't quite work out why the carbon farming guys wouldn't want to convert the trees to additional cash after 28 years and then to start again. A big mystery.

Anyway, on to Gisborne via Wairoa, population less than 9,000. Originally called Clyde, the name was changed to avoid confusion with Clive near Napier and Clyde in the South Island. The Wairoa district includes the Mahia Peninsula and Lake Waikaremoana. In 2016, Rocket Lab established its Orbital Launch site on the Mahia Peninsula.

Wairoa had a nice café and we sat outside having lunch in the sunshine overlooking the lovely river.

Then back on the road.

After successfully dodging another zillion logging trucks, we arrived in Gisborne, population 35,560. According to Wikipedia, Gisborne was originally known as Turanga and renamed Gisborne in 1870, in honour of New Zealand Colonial Secretary William Gisborne. Tradition has it Maori first arrived in the area in the 14th century either with Kiwa "the great navigator" on the waka *Takitimu* or alternatively the original Maori arrived on the waka *Horouta*, both after a long voyage from Hawaiki.

Seven hundred years later Gisborne has constructed a terrific walk/ cycleway along the beach front and part of the way up the Turanga River of which we took advantage. The Turanga River by the way is the shortest one in New Zealand at only 1200 metres.

Continued on page 6...

YOUR UK PENSION



NEEDS YOU

The IRD have changed the tax rules on UK Pension Transfers. If you have a Personal or Company UK Pension Scheme, then you need to seek urgent financial advice if you want to reduce or avoid the costs of a large tax penalty.

Under the new IRD tax rules you can transfer your UK pension to New Zealand via an approved NZ ROPS and either qualify under the transitional tax residency period, or pay tax based on the number of years you have been in New Zealand.

You need to act now to either completely avoid the IRD tax charge or reduce the effects of the IRD tax charge.

Don't Delay; Talk to Ian now about transferring your UK Pension and you will be glad you did.



IAN JORDAN

AFA, DipFA, Cert PFS, CeMAP,
FCA Authorised U.K. Independent Financial Adviser

www.britishpensions.co.nz

info@britishpensions.co.nz

0800 70 22 11



British Pension Transfers Ltd

Part of Chris MacKay Financial Planning Limited group. Disclosure statements available on request and free of charge.

...continued from page 5

Somewhere along the beach is a statue commemorating James Cook. To remind you of some 18th Century history, Cook, commissioned by the Royal Society of London, had set off from old Blighty in August 1768 to witness the transit of Venus in Tahiti in June 1769. Next job – back onboard the *HM Bark Endeavour* and sail South to find a ‘Continent or land of great extent’.

As a nipper of 12, Nicholas Young was the *Endeavour’s* cabin boy and assistant to the ship’s surgeon enjoying a spell up the mast or in the rigging on October 6, 1769, when he was eagle eyed enough to spot the headland at the southern end of Poverty Bay. It was the first sighting of New Zealand by a European since Abel Tasman’s visit. For his 20/20 vision, he apparently got a reward of two gallons of rum (it was ok; he had a note from his mum) plus having the headland named Young Nick’s Head in recognition.

Three days later in search of provisions and scurvy reduction plants, Cook and some sailors came ashore at where Gisborne is now settled. It appears there was a cultural misunderstanding which ended in tears.

Nine Maori either died or were wounded by Cook’s men.

Cook managed to score some herbs for the scurvy issue, but that was all and they headed back to the *Endeavour* empty handed.

On his charts of New Zealand, which he did a pretty good job of, Cook had originally named the bay that stretched from Young Nick’s Head about six miles up north to what is now named Tuaheni Point – Endeavour Bay after his trusty ship.

However, because he and his boys couldn’t keep their guns in their pockets and the visit

had turned to custard, he renamed it Poverty Bay. Now I believe this isn’t a great name for a beautiful area and as it turns out in 2019, the NZ Geographic Board officially gazetted it as Turanganui-a- Kiwa/Poverty Bay. Long names are always tricky though and don’t work well. The Maori Party wants to rename Wellington as Te Whanganui-a-Tara. I don’t feel it will fly.

I liked Gisborne. It had a nice feel. A few empty shops in the main road and I reckon there’s some Kiwis struggling there like everywhere. But there must be some successful farmers and businesses up there too and quite a few Nats. East Coast has been a National Party seat since 2005 with MP Anne Tolley retiring this year after five terms. The new National Party candidate Tania Tapsell is from a political family with her great uncle Sir Peter Tapsell, an Eastern Maori MP, for Labour ironically and Speaker of the House from 1993 to 1996 again ironically, as National was in power under Spud Bolger. First time since 1943 someone from other than the party in power had been Speaker. Mind you, in 2020 dollars, Mr Speaker (our very own Trev) picks up \$296,007 of our dough versus an MP at \$163,961. So, the decision to help out the Nats wouldn’t have been that hard for Sir Peter. Oh, and an obligatory Knighthood chucked in too.

The only negative in Gisborne was another café we’d been recommended to go to for breakfast by a local. I pointed my app at the bar code, approached the counter and asked if they served muesli or cereal. “No, no, no we don’t and step back behind the X on the floor. We’ll come to you.” We did look like tourists and I reckon she thought we were Aucklanders covered in COVID who had escaped level 2.5 lockdown. We gave them the flick and found a lovely place near the river.

On to Opotiki. A nice café and we had lunch outside in the sun at a table next to a bloke with bare feet. This is in early September.

What’s become famous in Opotiki are the Motu Bike Trails. We did the Dunes Trail and it was fantastic in amongst the sand dunes and looking out to the magnificent Bay of Plenty.

We did have a decision to make. Opotiki, staying in a no view motel or Ohope half an hour away for the night. Ohope won and we had another sensational ocean vista from our apartment. And a remarkably lively (for a Wednesday night) Mexican restaurant for dinner.

Renée again pointed us towards the sun and we were off to Taupo. We google mapped driving to Taupo, and ended up on some road we’d never been on, going past some previously unheard of lakes and somewhere in the middle of nowhere. There were hardly

any cars or logging trucks on the road, so it worked well.

Taupo was beautiful and sunny but freezing. We got in a ride to Acacia Bay. Taupo is quite bike friendly.

We stayed at a lakefront motel owned by the estate of a Hawke’s Bay bloke who was rumoured to be worth around \$50 million. Another sensational view with Mount Ruapehu front and centre.

Last journey was to Harrods of Rangataua near Ohakune with some lovely family members and a lively political discussion over dinner with a politically astute and well-connected NZ First neighbour. On the way there, we thought we would have a coffee and a bite at The Chateau at the base of the Whakapapa ski field. They were slightly snooty because we weren’t staying there, so we pushed on to lunch in Ohakune instead.

We were going to have a ski the next day, but Jacinda’s Level Two has meant each side of the mountain requires one to book a car park early in the week. Once 500 cars are booked in, that’s it. So, we missed the cut off and gave the skiing a miss. It turns out it was a white out up the Turoa side anyway, so no harm done.

It was time to head home, so after six days in the sun, the weather all turned to rubbish. Dan the weatherman was back. Damn the Dan!

So that’s our road trip. We had a blast. Beautiful weather. Lovely people. Interesting history. Attractive cities and towns. Being tourists in our own fabulous and sensational country. Beats Dubai, Spain, Portugal and Morocco any day. Well, almost. Wouldn’t be dead for quids!

PS. While we were away, I didn’t get to read too many newspapers. But on our return, I did read the *Dom Post* article of September 5, 2020 about Mayor Barry’s land purchase in Wainuiomata in 2017. But what is more surprising is that the *Hutt News*, who normally regurgitate any local stories from the *Dom Post* didn’t do so the next week and at the time of writing (at the end of September), they still haven’t done investigative journalism on what one would think would be high on the public interest agenda. *The Hutt News* just isn’t what it used to be.

These are generalised and sometimes tongue in cheek comments only and should not be taken as personalised advice. Disclosure Statements are available on request and free of charge. The content in this article is for information only. The information is of a general nature and does not constitute financial advice or other professional advice. Before taking any action, you should always seek financial advice or other professional advice relevant to your personal circumstances. While care has been taken to supply information in this article that is accurate, no entity or person gives any warranty of reliability or accuracy, or accepts any responsibility arising in any way including from any error or omission.

Looking for a mortgage?

If you’re considering moving to a *new home*, *consolidating debt*, *refinancing*, carrying out *home improvements* or looking at *investing in property*, we can source and negotiate a deal to suit you. Please note this is a free service. Our mortgage service is managed by

Blair Bennett

AFA, MBS, Dip. Bus & Admin, F Fin, Dip. Banking.
blair@mackay.co.nz

PHONE 04 570 2233



Mackay
Financial Advice & Solutions

www.mackay.co.nz

Disclosure Statements are available on request and free of charge.