



MacKay

ON MONEY

(AND OTHER THINGS)

BY AUTHORISED FINANCIAL ADVISER CHRIS MACKAY

As a young lad with an inquisitive mind with a series of questions I would ask my mother, “why?”

And when she could no longer answer satisfactorily, questions like “why is the sky blue?”, she would say “because Y is a crooked letter and you can’t make it straight.” End of conversation.

Well, I wonder whether Stephen Hawking, Albert Einstein and New Zealand’s only Nobel Laureates Ernest Rutherford and Alan McDiarmid received similar types of parental discouragement.

Alan McDiarmid’s alma mater was of course Hutt High, just like yours truly.

I don’t specifically recall any HVHS teachers drilling into my cohort a habit of intellectual curiosity to question things and not unthinkingly accept a particular viewpoint or belief is automatically right. Maybe they did in McDiarmid’s day. Regardless of me mum and Hutt High, it hasn’t stopped me from asking why and indeed why not.

Here’s a few personal and many shared “whys” from 2020 and early 2021.

Why is it that Aussie cricketers are cheats, skites, and sledgers? Mark Reason noted in *the Dom Post* on January 20, 2021, that ‘In their desperation for victory, the hosts

[Australia] have routinely assaulted and abused their visitors and pretended it was all in the name of cricket. Even during the squalid cheating scandal of 2018, Australia never fell as low as they have during this four-test series against these gritty Indians.’

Why is it our Kiwi Black Caps by and large are modest, hardworking toilers and by all accounts – good guys?

My cousin Kane Williamson (Mother was a Williamson and so I’m claiming Kane as one of ours) is the number one batsman in the world and even after scoring his second double century of the summer, he modestly acknowledged his feat by a lift of his bat and a small smile. Contrast this with the skiting likes of the sandpaper sadists and crease scuffers – Smith and Warner of Australia who leap about in the air and wave their bats at all and sundry in gyrations of which even a young agile Donald Trump would have been embarrassed to own. I’m sure it’ll be something to do with the convict DNA from their criminal forebears. After being incarcerated in penal colonies at Norfolk Island, Port Macquarie or Morton Bay, they would leap about in an overly excitable manner when they were finally released from prison.

Enough of those cheats across the ditch.

Why do some long-term investors behave so foolishly when there’s a hiccup in the share markets?

Why do these same investors effectively transfer wealth from themselves, to those who stick to their strategy?

During February and March 2020, near the beginning of the Wuhan originated Coronavirus crisis aka the Chinese virus, world share markets took a big hit. Some faint-hearted folk, generally who weren’t clever enough to have their own financial adviser, panicked and sold many good

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company shares or switched out of their KiwiSavers or other investment portfolios into ones with fewer shares or property in them. And thereby, they crystallised their hitherto, only paper losses.

I was sent some stuff by well-meaning conspiracy theorists which told me the world was going to end, that capitalism was finished and shares would become worthless yada yada yada.

One chap told me he had been told by someone who "knew about these things" the market which had already taken a beating was going to drop to almost nothing (and when pushed for a date) predicted within this week or next week – definitely.

Now to be fair, I didn't know what was going to happen in the short term, but having been around the investment world for several decades, I did know it would all come right. It always has. It always does. What I didn't know, was what was the time frame and as it turned out, the speed of recovery.

For the year ended December 2020, as it turns out the world markets are up by almost nine per cent in NZ dollars and the NZX50 gross index up 14 per cent. Compare that with average 12 month term deposits at less than one per cent.

Why do so many people believe politicians know what they're doing? Well, actually, some do. Like our buddies in the USA.

By and large, I reckon Aunty Cindy's lot haven't screwed up too much in the Covid war despite the efforts of David (let's take the car to the beach and mountain bike park) Clark, Iain (let anyone in) Lees-Galloway, Claire (there were no meetings) Curran and Phil (we'll build a 100,000 new houses) Twyford. But the government has been lucky we've been stuck down here, away from the rest of the world.

They were slack early on letting travellers come in and promise hand on heart to self-isolate.

Ha! Yeah right! Remember those Aussie tourists who said yeah nah, and who gave self-isolation the flick and just started travelling around?

In the early days Immigration officials didn't even get information from where an arrivee had been or was going.

I wrote to Cindy back in May and suggested (like a whole lot of epidemiologists) that in addition to being quarantined, we test everyone who was coming in to the country.

I got a pleasant TIF reply. But then they listened and changed the rules.

A bit later, in June, I wrote to the PM

questioning why a group of sailors was able to jump ship and wander around port somewhere up north without being tested or quarantined. The email was referred onto Megan Woods and no answer.

Around this time, we had Thelma and Louise, the two UK women who left managed isolation in Auckland without being tested. Both subsequently tested positive after driving to Wellington without filling up with gas or having a comfort stop. Ashley told us they had gone to the toilet at the side of the road. Mmmmmmm.

I wrote again to our glorious leader and some other big wigs in the Parliament in August and recommended anyone coming home to New Zealand be tested before they got on a plane. Again, another TIF reply saying "Kiwis do have well established rights to come home. I'd be reluctant to stop them coming. I think the current arrangements have about the right balance."

Funny how they've amended the rules now. It's like they can't foresee the crisis; only react to it.

I did also earlier suggest when they loosened the lockdown levels and when you could buy a takeaway dinner from a café or restaurant, they test all the appropriate workers in case there was a Typhoid Mary type contaminator in the mix. You may recall the story. According to Wikipedia, Mary Mallon (1869 – 1938) also known as Typhoid Mary, was an Irish born cook believed to have infected 53 people with

typhoid fever, three of whom died, and the first person in the United States identified as an asymptomatic carrier of the disease. Because she persisted in working as a cook, by which she exposed others to the disease, she was twice forcibly quarantined by authorities, and died after a total of nearly three decades in isolation.

An investigator [named George Soper] trying to determine the cause of typhoid outbreaks in several well-to-do families, found Mary had been involved in all the outbreaks. Mary generally left her employment after an outbreak began.

Soper tracked her down and found of the eight families who had hired Mary as a cook, members of seven claimed to have contracted typhoid fever. Mary didn't co-operate and refused to be tested. The New York Health Department got her arrested and forced into an ambulance by five policemen and by a Dr Josephine Baker who at some point had to sit on Mary to restrain her. They finally got some stool samples [presumably after Josephine got off her] which indicated massive numbers of typhoid bacteria. Turns out the infection centre was in her gallbladder. Mary admitted she almost never washed her hands. However, that was not unusual at the time; the germ theory of disease still not fully accepted.

And still not understood or accepted by plenty of blokes judging from how many I've

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seen not washing their hands after using an airport loo. I reckon the majority of the great unwashed chaps' hands' brigade believe if they have got relatively clean crown jewels and don't pee on their hands, and this is the aim (if you'll excuse the pun), then you don't have to wash your hands afterwards. Pretty gross eh? But they're missing the point anyway. Washing hands regularly stops germs spreading.

And why have Kiwis forgotten about sneezing into their elbows versus into their hands which they then touch stuff with and when they meet you, shake your hand and transfer their bugs straight to you?

Why have we Kiwis stopped using the tracer app? We've got short term dementia going on.

Why are some supermarkets not automatically wiping down trolley handles, but instead relying on shoppers to do it? If they weren't before lockdown, the owners are all multi-millionaires. So come on guys, give a job to an unskilled unemployed Kiwi and do your bit to keep us Covid free.

Why do we taxpayers continue to pay for the quarantine costs of returnees, who in most cases have left our shores years ago for greener pastures and who haven't paid tax here for years, if ever. In my last article, I said it was costing \$2.5 million a week to house these guys. My bad. It wasn't a week. It's a day. About \$500 million of your money, it cost in 2020.

Why do we continue to pay NZ Superannuation to immigrants who have lived here for only 10 years since age 20, with five of those years since age 50? Isn't this overly generous? You pay taxes here for

only 10 years and qualify for full NZ Super. That's nuts! I'm not talking about those from countries who have got reciprocal deals but about those where we haven't.

Why did the Reserve Bank remove the Loan Value Ratio (LVR) requirements back in April 2020 for investment properties?

That was one of Governor Adrian Orr's dumbest directives and it has driven house prices up to ridiculous levels. Us boomers who own our homes are ok but it's making it tough for the first home buyers. I blame Uncle John's and Auntie Cindy's governments. Both have been hopeless at not recognising or successfully addressing the problem. I discussed this in my last article so won't repeat it all. Check it out at www.mackay.co.nz/mackay-on-money/

Why have some companies been so slack/remiss in delivering the goods they have sold?

Mrs Mac bought a couple of freezers in November from Farmers. One for us and one for our daughter. The sales guy told her verbally they were physically in NZ and would be delivered between three days and two weeks. Definitely before Christmas. The contract note we read later said that delivery might be later. As it turned out, we got a call earlyish January to say one had arrived and yes it was delivered to our daughter a few days later. At the time of writing towards the end of January, ours has just arrived. Just tell the truth.

Mrs Mac also bought a selfie printer for Christmas from Noel Leeming. It came with only three pieces of special paper for prints. You had to order more, so she did this, but said we would be up the Kapiti Coast after Christmas and could we pick them up from Coastlands? Of course. So, we called in to Noel Leeming in Kapiti in early January to pick them up. The stropky young bloke looked it up on their system. Never heard of her. Nothing ordered. Can we order from you? Sure. Pay us now. Not likely; your latest effort doesn't even show. Give us your number and we'll contact you when they arrive. We're still waiting for the call at the end of the January.

Noel Leeming (owned by the Warehouse) – just do what you say you'll do.

Why don't people selling you stuff tell you all the information?

I bought a spa pool from a specialist spa crowd at the Home Show in September. It was available and would be delivered within a few weeks. I bought all the extras I thought. We paid a 50 per cent deposit.

A month or so later they told us the spa pool was held up cruising back and forth

over the water somewhere around Auckland. We accepted this as part of the Covid crisis consequences. Then we were sent our final bill for the second half. I noticed one of the extras we had bought had a \$100 fitting fee which they hadn't mentioned. Luckily, I noticed it, and after a bit of correspondence, I told them to go ahead. But if I hadn't noticed it, we would have ended up with this smart piece of kit uninstalled due to my limited DIY powers. But really, shouldn't they have told me at point of sale? Why didn't they? I made the suggestion and to their credit they did respond with "we'll do that in future."

Why has the Hutt City Council made such a hash of our rubbish and recycling service? Why have they snubbed their nose at locally owned businesses and given monopoly rights to Waste Management, a Chinese (probably government) owned firm? Why have they not allowed an opt out clause for ratepayers?

But on a positive note, why am I and the perfect woman so fortunate to be members of what Warren Buffett calls the lucky sperm club?

Because every one of our Scottish, Welsh, English, Danish and Dutch ancestors chose to make New Zealand their home in the 1800s.

We've been to many countries but where else would you want to be right now?

P.S. Why hasn't the *Hutt News* or the *Dom Post* done any further investigative journalism on Mayor Barry's (and three others') purchase of a property in Upper Fitzherbert Road in Wainuiomata after earlier being at a non-public City Council meeting about possible re-zoning of the area in which the house was located?

There's a lot of Hutt people asking questions and there's a petition around I see that calls for "the Hutt City Council to commission an Independent Investigation into the circumstances surrounding Mayor Campbell Barry's role in the purchase of 5.13 hectares of land on Upper Fitzherbert Road in Wainuiomata North in early 2019."

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