

The Rates Inquiry- Some Issues

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Establishing credibility

- Initial cynicism to be overcome ?
- What does the inquiry and panel add ?
- Keeping our distance from government and DIA
- Independence, different backgrounds, pulling previous work together
- What are the facts ? Give us chapter and verse
- Panel's willingness to consult widely and listen
- Managing public expectations of the Inquiry
- "Narrow" terms of reference ?

Panel Consultations

- Meetings with mayors, councillors and senior officials – productive (high quality and relevant submissions)
- Meetings with public – a mixed bag, much angst
- Hui with Maori land owners – a mixed bag, but useful and essential
- Meetings with government ministries
- Meetings with “the industry” – SOLGM, LGNZ
- Meetings with interest groups
- 950 submissions, all but 8 councils
- Consultation, not a referendum

Nature of the Report

- A comprehensive review of the wide range of issues
- Something sustainable in the long-term, no quick fix
- A detailed program of action, to be driven at a high level and involve all stakeholders
- Maintaining LG empowerment and autonomy – a key advantage of NZ LG
- Most of the changes are for LG to implement, rather than for CG to mandate
- Recognising the partnership between central and LG
- Considerations of sustainability, equity, economic impact and affordability

Some Cross Cutting Issues

- Coordination within central government on LG and consultation with LG needs improvement
- Inadequate information and data on the operation of LGA and LGRA and on council finances
- Current consultation with the community doesn't work – better, not more consultation needed
- The LTCCP concept is sound - but the process is constipated ?
- Is LG exercising sufficient spending restraint ?
- And adequately considering affordability to all groups of ratepayers ?

Sustainability of Rates

- Sustainable if people don't understand them ?
- Flexibility of rating tools – benefit or curse ?
- Need for standardized and honest reporting on rates levels and changes
- Improve rates assessment information
- Better demonstrate services and benefits provided
- Transparency of rates allocation – differentials, UAGC and targeted rates ?
- Better information on impact and affordability for LG decision making
- LG is involved in income redistribution whether it likes it or not

LG Funding Strategies

- Understanding and explanation of funding policies
- OAG report on 2006-16 LTCCPs
- “.. There is no clear reason for rates and surpluses of this level” (para. 3.43)
- “ ..Without further explanation .. of their financial strategies there is no apparent need for surpluses of this level” (para. 3.84)
- Issues concerning debt and depreciation funding
- By 2016 after high capital expenditures, LG will have low debt and high financial assets ?

Some Key Issues

- Replacing rates or supplementing them ?
- Rates as a property tax or user charge ?
- What is an “affordable” rates burden ?
- Power of general competence argument -“place shaping” role of LG
- “unfunded mandates” ?
- Crown exemptions ?
- Valuation quality ?
- Rating of Maori land – many grievances remain

Some Key Issues

- Councils are redistributing, whether they like it or not. Need information on impacts
- Is all the forecast capex in LTCCPs really necessary, affordable and feasible ?
- Auckland as a special case ?