

# LOCAL GOVERNMENT FORUM

29 April 2009

## **‘MINISTER FOR RATEPAYERS’ A BREATH OF FRESH AIR**

The business community is right behind the Minister for Local Government’s efforts to rein in councils, said Local Government Forum Chair Charles Finny.

Mr Finny’s comments follow a constructive meeting Forum members had yesterday with Rodney Hide.

“We are heartened by the Minister’s approach to his portfolio. Rodney Hide, who refreshingly describes himself as ‘Minister for Ratepayers’, wants councils focused on the basics to reduce their costs and to be more accountable to their ratepayers while he is also promising to deal to the cost impositions put on councils by central government.

“He has a huge challenge. The OECD in its recent report on New Zealand expressed concern about local government spending and rating and its moves beyond basic local services. Although central government gets the seriousness of the recession and the need to tighten belts, with a few notable exceptions far too few of our councils seem to have got the message that times have changed.

“A quick skim of draft long term council community plans released so far indicate that a disturbingly large number of councils (more than 20) are proposing to increase their operating spending by more than 60% over the period 2008/09 to 2018/19, with two planning to more than double their spending over the decade. Meanwhile, only a handful of councils are forecasting spending increases of less than 30% - the forecast rate of inflation over the next decade.

“Spending increases have to be funded and indications are that most councils’ rate takes will be increasing at even faster rates than their spending. This will be most unwelcome to business and farming ratepayers who are wearing a disproportionate burden from past and present excesses.

“Reforms designed to focus councils on core activities and to reduce the cost of local government must therefore proceed with urgency and the range of reforms floated by Rodney Hide in his recent public comments are long overdue.

“As observed by the OECD, weak democratic accountability is part of the problem behind spending and rates rises. There are insufficient checks and balances on local government and there is therefore a real need for more effective monitoring of its performance and activities.

“The key role of local government should be to provide local public goods that cannot be more efficiently provided by the private sector. Most local authorities have strayed far beyond this. The end result has been an explosion in rates, which seems likely to continue according to the councils’ own plans. The weakness of local democracy means they need to be brought back into line by central government.

“The Forum also supports the thrust of the Government’s plans for Auckland and we expect the Government to speedily implement its reforms. Auckland is far too important to the wider economy for us to allow much-needed change to fall victim of internecine squabbling and parochial patch protection,” concluded Mr Finny.

**For further comment please contact Charles Finny on 027 544 1547**

### **Background**

The Local Government Forum comprises organisations that have a vital interest in the activities of local government. Its members include Business New Zealand, the Electricity Networks Association, Federated Farmers of New Zealand, New Zealand Business Roundtable, New Zealand Chambers of Commerce, and New Zealand Retailers’ Association. The Forum was established in 1994 to promote greater efficiency in local government and to contribute to debate on policy issues affecting it.

Members of the Local Government Forum are each significant representatives of ratepayers in their own right but the Forum’s perspective is to advance community welfare through the advocacy of sound public policy. Its members believe that local government can best serve the interests of the community and ratepayers by focusing on the efficient provision of public goods at a local level.