

LOCAL GOVERNMENT FORUM

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LOCAL AUTHORITY STATS CONFIRM NEED FOR REFORM

Continuing increases in local authority rates confirm the need for substantial reform of local government, according to Michael Barnett, Chairman of the Local Government Forum.

Statistics New Zealand's latest quarterly statistics on local authority finances shows that rates revenue increased 8.7 percent when comparing December 2011 to December 2010. This large annual increase compares to a 1.8 percent increase in the consumer price index over the same period.

"Although it's good to see that local authority operating spending fell slightly in the December 2011 quarter, much more of this is needed to unwind the near doubling of spending since 2002" said Mr. Barnett.

"Meanwhile rates are continuing to grow apace and this adds to the case for the Government to take decisive action to help councils better control their spending, debt and rates.

Meanwhile, Mr. Barnett is also congratulating Hamilton Mayor Julie Hardaker for supporting reform of local government and for saying that it is 'well and truly overdue'.

"Julie Hardaker's opinion piece in the 12 March *New Zealand Herald* acknowledges that councils have struggled to tighten their belts and that some of the public criticism of councils is 'valid'. She also makes an equally valid point that the public has 'extravagant expectations' of their councils.

"Mayor Hardaker correctly identifies the problem with the Local Government Act's very broad purpose statement and I agree with her plea for the Government to give councils need clarity on what they should and should not be doing.

"I also agree with her that issues around funding tools, planning processes, and the merits of amalgamations need to be considered. Hopefully the Minister of Local Government has these in his sights but the reality is that debt and rates have gone up because spending has spiraled upwards due to the Act's purpose statement, a general inability for councils to 'say no' to 'dreams and schemes', and a lack of control in their wage bills.

"The spending-debt-rates spiral must be arrested and it is great that the Minister of Local Government seems so focused on this problem", said Mr. Barnett.

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ABOUT THE LOCAL GOVERNMENT FORUM

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.

Forum members 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. We 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.