

LOCAL GOVERNMENT FORUM

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BUSINESS GROUP WELCOMES RATES INQUIRY

The business community welcomes the Government's announced independent inquiry into local government funding, said Don Nicolson, Chair of the Local Government Forum¹.

"There is no denying that an efficient and effective local government sector is important but for some time we have been warning about local government policy developments that have been driving big spending increases and rates rises," said Mr Nicolson

"This inquiry provides a welcome opportunity to take a fresh look at the drivers of spending growth and rate increases as well as investigate better ways for local government to raise the revenue it needs to do its job.

"However, to be any more meaningful or acceptable than various past reviews the inquiry's terms of reference must be broad and go beyond narrow interpretations of affordability and sustainability. Nor should it be constrained in the alternatives it should investigate. It should be able to look at appropriate roles and responsibilities for councils and into all alternative funding sources. It must start with a blank sheet.

"Another key issue is representation. Ratepayers will not accept the inquiry being another in a long line of cosy dialogues between central and local government with those paying the bills looking in from the outside. Ratepayers will expect to take full part in this review and with businesses paying around 50% of rates nationwide there must be adequate representation of the business community.

"Properly conducted, this inquiry is a great chance to address the rates spiral and the anger it causes. If it fails to do so ratepayer rage will only grow. It is time for a major overhaul." concluded Mr Nicolson.

Contact: Don Nicolson, Chair (ph 03 216 7602 or 027 226 6331)

¹ The Local Government Forum was formed in 1994 to promote efficiency in local government. Its members are Business New Zealand, Electricity Networks Association, Federated Farmers of New Zealand, the New Zealand Business Roundtable, the New Zealand Chambers of Commerce, and the New Zealand Forest Owners Association.