

# LOCAL GOVERNMENT BUSINESS FORUM

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## TIME TO ACT ON RATES

“Let’s get on with it” is the message from a group of national business organisations responding to the Productivity Commission’s final report from its year-long Inquiry into Local Government Funding and Financing.

“Most if not all of the 45 recommendations made in the 355-page report would make useful improvements to the system of funding and financing local government,” said Michael Barnett, Chair of the Local Government Business Forum<sup>1</sup>.

“The Productivity Commission has worked hard on what has always been a fraught area of public policy and although we disagree with its conclusion that the main funding tools ‘measure up well’ we do agree with much of what the Commission has said, including that there are growing funding pressures and that significant scope exists for better use of current tools.

“The Forum is particularly pleased the report took on board our recommendation that councils consider the partial or full sale of commercial assets to help finance needed new investment. It’s ridiculous that councils feel inhibited from unlocking the potential of these assets to raise funds for improving vital infrastructure like the three waters and transport.

“It’s also great the Commission wants councils to assess rates for business properties in proportion to the cost of the council services that benefit those properties. For far too long business rates have been set simply to raise revenue without reflecting benefits, a huge gripe for businesses.

“Itemised rates assessments will also be a great tool for transparency and accountability for all ratepayers and we also think it’s long overdue that councils publish information on rates revenue by category of rateable property (e.g., residential, business and rural), the number of rating units in each category and average and median rates per unit in each category.

“And it’s quite right that central government must work better with local government when developing regulation and that central government must come to the party with funding to help councils meet the cost of regulation imposed on them. This isn’t the first time the Commission has said this in an inquiry report but although the Government is probably sick of hearing it again it has to happen.

“There is good stuff in this report but its conclusion that the system is okay runs the risk of central and local government not addressing the recommendations with the urgency they deserve.

“In 2007 the Shand Inquiry into local government rates made 90 plus recommendations, a number of them repeated in this report, yet little if anything was done over the next decade.

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<sup>1</sup> Members of the Forum are Business NZ, Electricity Networks Association, Federated Farmers of NZ, Hospitality NZ, NZ Chambers of Commerce, NZ Initiative and Property Council NZ

“The Minister of Local Government and the wider local government sector must now get on with implementing the Commission’s recommendations and not allow this to become another Shand. Otherwise we’ll probably be back doing this again in a decade.

“The Forum and its members are here to help”, concluded Michael Barnett.

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