

Statement from David Thornton, on behalf of the NoMoreRates campaign, to the Rates Inquiry, North Shore City 18th April 2007.

Since this Inquiry began its public meetings there has been increasing perception around the country that the end result may leave the present system in place – or the whole report will be put into the ‘too hard’ basket.

I would therefore like to bring two issues to the attention inquiry which I hope will broaden the perspective of your considerations of the written submissions you will receive.

There is a very clear wish for major changes to the rating system – indeed that wish has led directly to the establishment of this inquiry.

And there are some clear alternatives being proposed in submissions I have already seen.

A Citizens Tax [Poll Tax] was the most popular choice to replace the present council rating system according to a Spot Survey at the GreyPower Federation AGM and Conference held at Marton in the Manawatu earlier this week.

The survey was conducted by the NoMoreRatescampaign following an address to the conference in which I stressed the importance of making submissions to the Rates Inquiry.

I was not too surprised to see the support for a Citizens or Poll Tax as this option has been mentioned frequently in emails and other correspondence to me over the last few months.

Support for this option reflects the fact that not everyone pays rates.

There are about 1.2 million residential units in the country on which rates are paid – so, assuming that most bills are paid by couples - and allowing for a significant proportion of single member households - there could be less [even substantially less] than 1.8 million people actually paying rates.

With between 40%- 50% of the population not paying rates, any proposal to move to a ‘per capita’ tax to spread the cost of funding local government wider will involve people paying this new tax who did not previously pay for local council services..

This will obviously be unpopular with many of these new taxpayers – and it may well be that central government might fight shy of introducing such a tax.

However I believe it is the duty of this Inquiry to consider a ‘per capita’ as a real alternative to rates and undertake further research into this option.

My second issue arises from concerns expressed to me that this Inquiry is not looking at the role and functions of local government.

For the last three years an Inquiry into local government funding has been continuing in the UK – and the final report from that Inquiry was released last month.

As that inquiry moved towards its conclusions in September last year , the chairman, Sir Michael Lyons, stated that he could not suggest new methods of funding without looking closely at what that funding was used for.

In other words he needed to review the functions of local government and its future role.

The British Government accepted that position and the Lyons Inquiry was given a further 6 months to complete its task.

I believe that this inquiry in New Zealand should follow that UK example.

Many people have told me that the rates debate is not simply about money – it is equally about what that money is spent on.

The statement by this inquiry team that it cannot look at government organisation must not prevent you from following the Lyons Inquiry lead – and respond to this call from ratepayers by requesting the Government to extend your terms of reference to include a review of the function and role of local councils.

[Attachments.
Survey at GreyPower AGM
Lyons Inquiry Extended terms of Reference]

QUICK SPOT-SURVEY OF ALTERNATIVES TO RATES

From GreyPower annual meeting and conference, Marton, 16th April 2007.

PLEASE TICK the boxes you support  – and put a cross in those you oppose **X**.

local income tax a local government equivalent to the present tax on personal incomes, which could be administered locally or collected centrally and distributed to local authorities.

Result. Support 39.5% Against 60.5%

local consumption tax a local government equivalent to the present GST, in the form of a broad-based tax on the consumption of goods and services, which could be administered locally or collected centrally and distributed to local authorities –or it could be by increasing the rate of the present GST

Result. Support 35% Against 65%

keep the present property tax [rates] system but have a more generous rates rebate scheme

Result. Support 37.5%

Against 63.5%

citizens tax a tax on every adult citizen at a uniform rate, sometimes known as a 'poll tax' – with exemptions or lower charges or rebates for groups such as students, superannuitants. Central government to bear the cost of this.

Result. Support 55.3%

Against 47.7%

Survey conducted by NoMoreRates.com.

This survey was taken among the 120 delegates representing GreyPower Associations around the country – and followed an address by David Thornton [NoMoreRates] on the need for submissions to the Rates Inquiry.

Delegates were asked for their **personal** views – which were not necessarily the same as those of their associations.

The national GreyPower Federation will be making its own submission as will local GreyPower Associations.

Contact this campaign at david@kandu.co.nz

Website (to be updated on Saturday 21st April) www.NoMoreRates.com

Lyons Inquiry: Extended Terms of Reference - September 2005

The Deputy Prime Minister and the Chancellor of the Exchequer have agreed with Sir Michael Lyons that he will extend his work so that he can consider issues relating to the functions of local government and its future role, as well as, and prior to, making recommendations on local government funding. His work will inform the Comprehensive Spending Review 2007.

In addition to its existing remit which is focused on local government funding, Sir Michael's independent Inquiry will:

- consider the current and emerging strategic role of local government in the context of national and local priorities for local services; and the implications of this for accountability;
- review how the Government's agenda for devolution and decentralisation, together with changes in decision making and funding, could improve local services, their responsiveness to users, and efficiency;
- in the light of the above, consider in particular: how improved accountability, clearer central-local relationships, or other interventions could help to manage pressures on local services; and changes to the funding system which will support improved local services;

- publish a report or reports, as appropriate, in time for the Comprehensive Spending Review 2007.

Sir Michael will work closely with local government as well as with central government in delivering his remit.