Submission of the Society of Local Government Managers regarding the Urban Development Bill

What is SOLGM?

The New Zealand Society of Local Government Managers (SOLGM) thanks the Environment Committee (the Committee) for the opportunity to submit on the *Urban Development Bill* (the Bill).

SOLGM is a professional society of approximately 870 local government Chief Executives, senior managers, and council staff.[1] We are an apolitical organisation that can provide a wealth of knowledge of the local government sector and of the technical, practical and managerial implications of legislation and policy.

Our vision is:
Professional local government management, leading staff and enabling communities to shape their future.

Our primary role is to help local authorities perform their roles and responsibilities as effectively and efficiently as possible. We have an interest in all aspects of the management of local authorities from the provision of advice to elected members, to the planning and delivery of services, to the less glamorous but equally important supporting activities such as election management and the collection of rates.

This Bill sets out the powers that Kāinga Ora – Homes and Communities (Kāinga Ora) will have when undertaking its functions as the nation's urban development authority, and the processes Kāinga Ora must follow when exercising them.

Last year we were one of the submitters on the bill that established Kāinga Ora. We gave in principle support to the establishment of Kāinga Ora.

[1] As at 31 January 2020.

"we are uncertain of the full scope and nature of the powers that Kāinga Ora will have in relation to housing and urban development functions. While we understand that these will be traversed in a subsequent Bill, we also understand that these powers could include …"

We also remain uncertain about the processes through which Kāinga Ora will create developments, and 'trigger' the above powers. We would want to ensure that there are processes and safeguards that ensure that the protections local planning provides and the rights that local communities and local authorities have to make local policy decisions are overridden as a last resort, rather than as a matter of convenience. We are also wary of the potential for Kāinga Ora to be become both poacher and gamekeeper with consenting functions. We are particularly wary of both situations in the context of an agency that has the power to undertake 'related' commercial and industrial development.

The Bill has addressed some, but not all, of these concerns. We develop these concerns further below.

SOLGM gratefully acknowledges the assistance of the local government sector in preparing this submission. Many of the more detailed and technical recommendations in this submission have come from practitioners. We also draw the Committee's attention to the technical, typographical and section referencing issues identified in the Auckland Council submission and commend them to you.

General Comments

Kāinga Ora has been given sweeping powers

Our submission on what is now the Kāinga Ora Homes and Communities Act set out a list of powers that we had been advised could be provided to support the urban development functions provided by this Bill. These powers include:

- powers to dictate what happens with all roading, three waters and community infrastructure in the development area (and potentially with such infrastructure that is, or could be, connected)
- the power to levy a coercive tax, and access to development contributions, to fund these activities (though these are constrained)
- powers of land acquisition (including compulsory acquisition if need be)
- powers to act as the consenting authority
- bylaw-making powers
- the powers of a road controlling authority.

In essence, Kāinga Ora, assumes a significant part of the role that a territorial authority would have within the development area.

Creating an agency with these 'crash-through' powers is presented as one of the solutions to the housing shortage. We submit that this should not be unfettered – at the minimum there should be a review of the effectiveness of these powers at a point when Kāinga Ora has had a reasonable opportunity to make a difference.

There is legislative precedent for this. The, now spent, section 32 of the Local Government Act 2002 required that the operation of that Act be reviewed by independent agency within five years of enactment. We would favour an agency at arms-length from the Government, such as the Productivity Commission, for such a role.

Over the last 10 years policymakers at central government level, regardless of affiliation, have increasingly resorted to the design of legislatively bespoke processes to 'simplify' planning requirements. For example, we've seen:

- the Auckland Plan and Auckland Unitary Plan
- various plans and policies to support the Christchurch recovery
- the collaborative freshwater process
- another freshwater process in the Resource Management Bill currently before the House.

This isn't a criticism of the individual policy decisions and legislative processes, or how local government gives effect to them. It is an observation that if this many bespoke legislative 'work-arounds' are required then perhaps there should be cross-

party support for a first-principles review of the Resource Management Act (and perhaps on the direction such a review should take).

Recommendation: Review of the Legislation

1. **That the Select Committee insert a provision requiring that an independent agency undertake a review of the operations of Kāinga Ora and the Urban Development Bill to be completed within five years of the date this Bill takes effect.**

Kāinga Ora will need significant specialist capability, almost immediately

Kāinga Ora has access to a varied and complex set of coercive powers. It will need to draw on a wide variety of expertise to fulfil its role as the urban development authority. This includes access to people who understand the commercial world, but who also understand public sector concepts such the obligations inherent in the power to tax (and a working knowledge of the Rating Act and Local Government Act). Other areas of expertise required include:

- infrastructure provision
- urban planning
- development at scale (including development in a variety of different contexts
- resource management
- regulation (including specialist knowledge of the Building Act and Resource Management Act, and more general knowledge of the making and operation of regulations)
- procurement methodologies
- law and
- community engagement.

It will need a substantial presence in the local areas targeted for development – and in the long-run this may extend beyond the six areas commonly designated as high growth. Our submission on the original Bill noted that many of these skills and competencies are in short supply in almost in almost all parts of the country.

More than a few of these skill sets are resident predominantly in local government. Last year, we were made aware that Kāinga Ora were aggressively recruiting for skilled building inspectors and other building regulatory staff. This included their recruitment agent directly approaching every building inspector employed in one council with offers of considerably higher remuneration and other benefits, we understand that this extended to other councils in the same region. The result – the

council was forced to offer market premiums to all their building staff at considerable cost. Some might say that's an outcome of free markets (and they'd be right) we mention this both to note that the ratepayer ultimately bears these costs, and to add that New Zealand needs to do more in the skills and workforce planning area.

In writing the original drafts of this submission we visited the careers page of the Kāinga Ora website (on 15 January 2020). At that time there were some 31 distinct advertisements recruiting to fill some 35 different vacancies. While it is true to say that the organisation is new, we note that few of these positions appeared to relate to the actual urban development activities. That is to say that the real demands on capacity are yet to come.

Kāinga Ora needs to work alongside the host local authority on resource consenting issues in the project area

Clause 116 establishes that Kāinga Ora will become the consenting authority (for resource consent applications in the project area) once the development plan is operative. The Bill deals with the most obvious "poacher/gamekeeper" concerns by requiring that Kāinga Ora delegate consenting decisions over its own applications, that is to say that it cannot act as a judge in its own cause.

We still have significant reservations at these aspects of the Bill as Kainga Ora's presence in the project area will be temporary, but the consequences of the consenting decisions it makes will stay with the community long after the project is finished. It seems to us that encouraging Kāinga Ora to work in partnership with the host local authority to address resource consents encourages a view that takes account of the immediate needs of the project and the long-term needs of the community.

Other local authority submitters have commented that there seems little value in Kāinga Ora working independently of the host local authority to develop information and other systems, monitor independently in the project area and so on. They also, quite correctly, note that there is limited pool of people with what is a specialist area of knowledge. We can only agree.

Kāinga Ora's provision of infrastructure <u>must</u> meet appropriate standards

Infrastructure is a long-lived asset – some assets can exist in perpetuity if properly maintained and renewed. The decisions that Kāinga Ora makes today will have consequences for local communities long after a development project has finished. Decisions that are made in, and for, the project area can impact on infrastructure outside the project area.

Some councils can cite experiences with the former Housing New Zealand and its subdivisions or other projects where HNZ installed stormwater and wastewater reticulation that complied with the building code, but did not meet the Council standard for public infrastructure. Some advised us that they inherited substandard infrastructure and where it was left in private ownership, there were ongoing problems with disputes between property owners, and unattended sewer overflows. There can also be pressure on council to upgrade services to that which applies elsewhere in the community e.g. footpaths on both sides of the street, hot mix instead of chip seal etc.

There needs to be stronger provisions in regards Kāinga Ora having to comply with standards applied by local authorities elsewhere in the district. Our discussions with local authorities have raised concerns about for wider network compatibility, connection timeframes, and ongoing operational costs.

Regional councils have expressed concerns that the intersection between infrastructure and their environmental management functions may have not been fully considered. For example, where current issues exist with sewage treatment discharge and compliance with consent conditions and the like are issues, how would adding an extra decision-making body account for that performance and ensure that capacity and adequate treatment is considered before additional loading is permitted. Regional councils also advise that other frequent development related issues include stormwater management and in particular management that is appropriate for sediment control and treatment prior to discharging to waterways.

This Bill will impose additional costs on local authorities

The discussion of Kāinga Ora's capability needs and its flow-on to wages and salaries in the local government sector is an example of the costs that this Bill will create for the sector.

A former Auditor-General once (correctly) observed that capital spending has an 'echo' in maintenance and renewals. The infrastructure that Kāinga Ora builds today and transfers to council on completion of the project will come with a need for ongoing funding for renewals, maintenance and the like. When local authorities respond to an assessment report, development plan etc. they are, of necessity, obliged to consider the total life cycle costs and funding needs that will have rating consequences in the future. That's to say nothing of any work the local authority needs to undertake in the areas around the project area to integrate infrastructure inside and outside the development.

The Bill contemplates that local authorities will administer the assessment and collection of the rates set by Kāinga Ora. In the words of one Rates Manager *"this is far more than just* (sic) *a targeted rate set and administered by the same council"*. It appears local authority staff will be responsible for 'mapping' the project area onto the rating information database (to flag those units that are 'in zone'). There may be multiple differential policies to administer, including (potentially) different definitions of categories. There could be an overlay of different remission and postponement policies. The more complicated Kāinga Ora makes its rating policies and practices the higher the cost to administer.

Even matters such as the duty to cooperate/avoid undue delay and the times for response to assessment reports place transaction costs on local authorities. As we'll see later, coming to an informed view on an assessment report will effectively require a significant portion of managers to 'put their work programmes on hold' to meet the 10-day deadline. Requests for information could be voluminous especially in the initial stages.

Delegation of rate collection does not delegate the accountability

Once Kāinga Ora set rates it falls to the territorial authorities that host the project to collect the rates. One of the fundamentals of a taxation system is that those paying tax are able to hold the agency receiving the tax accountable for the use of the revenues. Kāinga Ora's delegation of rate collection does not mean it is able to wash its hands of accountability.

Kāinga Ora can expect that territorial authorities will refer queries and challenges about its rating decision to it for a response.

Kāinga Ora will need to ensure it is resourced to manage queries about its levies and resourced to contribute its share towards the cost of administering the charge. For example, in local authorities where there are no use-based differentials, a Kāinga Ora charge that is based on use might incentivise additional objections to information on the rating database. In those cases, a contribution from central government would be equitable.

Central government and its agencies appear to be increasingly turning to the rating system as a funding solution

We draw Parliament's attention to an element of current public policy debate that has gone unremarked upon. Central government, its agencies, and statutory creations, are increasingly looking to the rating system as the means for funding activities central government provides or acts as sponsor for.

The Bill is one of three policy/legislative proposals in train that would in some way grant access to the rating system and/or require local authorities to administer through the rating systems. The others include:

- the Infrastructure Funding and Financing Bill – which empowers the establishment of so-called special purpose vehicles (agencies that borrow to finance infrastructure in a defined area and repay the loan through targeted rates administered by the affected local authorities). This Bill is currently before your colleagues on the Transport Select Committee and
- the review of funding for Fire and Emergency New Zealand – the Minister of Internal Affairs is currently considering a proposal to replace the present levy on insurance policies with a levy on property. This would be assessed either by local authorities or using the information held on local authority owned rating information databases.

And each of these proposals proceeds at the same time as the Government is considering advice from the Productivity Commission that, among other things, was intended to consider the sustainability and suitability of property tax as a funding source.

Should all of these proposals succeed it is entirely possible that a ratepayer might find themselves paying up to three new levies through the rating system. Human nature being what it is, the focus will be on the 'bottom line' of the rates assessments and invoices (i.e. the total amount of all the 'rates). It concerns us that there is no coherent overall view on property tax and what its for. And equally concerning is that there is no central government agency responsible for identifying the cumulative effects of these initiatives on the ratepayer and on the sector.

Specific Processes, Powers and Obligations

In this section we provide comments on specific provisions in the Bill and other issues (such as matters that may have been omitted from the Bill). We focus on identified themes and issues rather than following the order of the Bill. We also note that our comments in this section are subordinate to our general comments.

Principles for Development Projects

Clause 5 sets out a series of principles for development projects which we largely support. We have one substantial amendment to this provision.

In our submission on what became the Kāinga Ora Homes and Communities Act, we noted that Kāinga Ora is not just a builder of homes, but a builder of communities. One of the lessons out of urban development overseas is that design decisions made now stay with communities for a long time. It was something of a surprise to us that there wasn't a stronger recognition of the principles of sustainable urban development and best practice urban design/development principles. Similarly, this same provision has not strongly captured the importance of the integrated and effective use of land and infrastructure.

Recommendation: Principles for Development Projects

2. That clause 5(1) be amended to better incorporate the principles of sustainable development and best practice urban design/development.

Duty to Cooperate

Clause 26 places Kāinga Ora and territorial authorities under a reciprocal duty to cooperate and to avoid undue delay. These will not be the only parties to development projects, other Government agencies such as NZTA will be often be players. A very large-scale development might have implications for an agency such as the Ministry of Education. The duty should also extend to these agencies.

Recommendation: Duty to Cooperate

3. That clause 26 be extended to include other Government agencies.

Project Establishment

Criteria for Establishment

We've noted that Kāinga Ora will have sweeping powers. This is matched by the powers that the Minister of Finance and other responsible Ministers will have in making decisions, some of which may override public views. The key point is at project establishment where one of the key criteria is that Ministers are satisfied that there is overall support from the relevant territorial authorities or that the project is in the national interest.

Generally, the Bill uses the terms 'relevant local authorities' in its references to local government and clarifies that this includes both territorial authorities and regional councils. Clause 30 refers specifically to territorial authorities. Yet regional councils with large metropolitan areas are responsible for the planning of passenger transport and the commissioning of the relevant services. They also provide flood protection and river control assets that may be necessary to support the development area, or be impacted by development.

The term national interest is not a concept that is widely used in legislation. The only other use we can find is in the Overseas Investment Rules. So much is reliant on the Minister's assessment of the national interest that we consider there should be clear guidance for Ministers as to what constitutes national interest.

Recommendations: Criteria for Establishment

4. **That the references to territorial authorities in clause 30(h) be replaced with the term relevant authorities.**

5. **That clause 30(h) be supplemented with a set of principles or criteria for Ministerial assessments of national interest.**

Identification of Constraints and Opportunities

We consider that there are additional matters that could be included within the scope of clause 34. We begin by repeating that Kāinga Ora is (or should be) a builder of communities and not homes. Community facilities are fundamental to the creation of sustainable communities, yet nothing is said about the provision of these vital assets in the project area. The Committee should also add in any constraints or opportunities that employment and the local economy might pose or be created.

Recommendation: Criteria for Establishment

6. That clause 34 be amended by adding reference to (i) community facilities and (ii) employment and the local economy.

Assessment Reports

The contents of assessment reports vary according to the type of recommendation that Kāinga Ora makes. We did not see any provision in 42 that specifically requires Kāinga Ora to state the reasons for its recommendation that the project not proceed. This reasoning may be helpful to the Ministers when they make a final decision on the project's future.

Recommendation: Criteria for Establishment

7. That clause 42 be amended to require Kāinga Ora to include its reasoning for not recommending projects proceed in the assessment report.

Response to the Project Assessment Report

Clause 43 provides for local authority involvement in project establishment. Kāinga Ora must provide local authorities with a copy of a project assessment that is 'sufficiently advanced" and allow local authorities at least 10 working days.

While welcoming the intent of this provision, we have two comments. The first is that that term sufficiently advanced is open to interpretation and may be better expressed as "is in a form that a reasonable local authority could express an informed view".

Second, a development project and the related assessment report and other documents are complex. They have impacts, financial and otherwise, that go well beyond the life of the project. Development has ongoing social, economic, environmental and cultural impacts. A decision to undertake a project requiring this new infrastructure will impose ongoing maintenance and renewal costs on local authorities once the infrastructure is transferred. Some development may cross local authority boundaries. Kainga Ora will have access to a wide range of coercive powers – tax, regulation etc. A decision of this magnitude will require elected member involvement. Ten working days is an unrealistically short timeframe – 20 working days is a more realistic timeframe and used in other statute.

Recommendations: Response to the Project Assessment Report

8. **That clause 43 be amended by replacing the term 'sufficiently advanced' with a clearer definition such as 'is in a form a reasonable local authority could express an informed view'.**

9. **That the clause 43 timeframe for a response be amended to allow a minimum of 20 working days to respond to a project assessment report.**

Development Plans

Evaluation Report: Environmental Matters

As the Bill currently stands, the evaluation report need not report on any of the matters of national significance (section 6 of the RMA) other than historic heritage. These are fundamentals that every other developer and infrastructure provider is obligated to address. We suspect this was an inadvertent omission.

Recommendation: Evaluation Report

10. **That evaluation reports be required to comment of each of the matters of national significance listed in section 6 of the Resource Management Act 1991.**

Infrastructure Statements

We support the inclusion of infrastructure statements (clause 74) in development plans. They provide all parties with a clear statement of what infrastructure is needed to support the project, where and by when.

The infrastructure in a development will often interconnect with local authority provided infrastructure in and around a development. There will be an expectation of interconnectivity and that infrastructure in the development is (broadly speaking) playing the same role in the community as elsewhere in the local authority. A local authority describes this in an infrastructure strategy (prepared section 101B of the Local Government Act 2002).

There is currently no reference to any linkages between the infrastructure statement and an infrastructure strategy. There will be crossover. We therefore submit that Kāinga Ora should be required to have regard to the infrastructure strategies in force in the area, and to identify and explain any inconsistencies between their infrastructure statement and the infrastructure strategy.

One of the consistent themes we've raised is that development projects need to be cognisant of the needs for both network and community infrastructure. With that in mind, the infrastructure strategy should also cover community infrastructure including community facilities, open space, schools, pre-school education facilities and medical facilities.

Recommendations: Infrastructure Statements

11. **That coverage of infrastructure statements be extended to include community infrastructure.**

12. **That Kāinga Ora be required to have regard to the infrastructure strategies in the current long-term plans of the relevant local authorities.**

13. **That Kāinga Ora be required to explain any inconsistencies between its infrastructure statement and the infrastructure strategies in the current long-term plans of the relevant local authorities.**

Project Governance

Purpose Clause

We invite the Committee to consider whether this subpart should have a purpose clause. This might provide Kāinga Ora with statutory guidance when forming governance bodies and appointing governing bodies.

Recommendations: Project Governance

14. **That a purpose clause be added to the project governance provisions.**

Decision Criteria

Kāinga Ora has been given wide discretion to tailor the type of project governance models it employs. That is appropriate given the wide variety of different circumstances and contexts that projects are conceived and delivered. Kāinga Ora must consider the need to build good relationships; the capability to govern projects and all other relevant factors.

We suggest two amendments to this provision. The first is that the reference to govern projects appears too generic (that is to say it can be read as applying to a range of projects), when governance bodies will be created for each project. We submit that amending clause 282(b) to read "*the capabilities necessary to effectively govern the project …"* is more in keeping with the bespoke nature of models and governance bodies.

The second is a more significant concern. The requirement to consider all relevant factors is loose and may provide a ground for challenge to the appointment process based on a factor or factors that the challenger identifies as not having been considered. The Bill also leaves the question of the agency that makes the judgement. We recommend that clause 282(c) be amended to read *"any other factor that Kāinga Ora considers relevant on reasonable grounds"* or similar.

Recommendations: Criteria for Governance Bodies

15. **That clause 282(b) be amended to require Kāinga Ora to consider that *"the capabilities necessary to effectively govern the project"* when establishing governance bodies.**

16. **That clause 282(c) be amended to require to consider Kāinga Ora to consider *"any other factor that Kāinga Ora considers relevant on reasonable grounds"* when establishing governance bodies.**

Appointments to Project Governance Bodies

We turn to two of the provisions that we oppose on principle. As currently worded, clause 284 empowers the appointment of local authorities to a project governance body if and only if the local authority supported the recommendation to establish the project as a development project.

In effect this provision is saying that any local authority that doesn't support the project from the start loses the ability to have any say at the project governance level

as the project evolves. In effect this provision uses statute as a means of muzzling opposition to development projects that must have come close to raising Bill of Rights Act concerns. It's even unclear whether local authorities that support a project with conditions would be able to nominate a potential appointee.

We also observe that local authorities may only nominate appointees where the governance body is to be a wholly Crown-owned subsidiary or a committee appointed by Kāinga Ora. Local authorities may not nominate members of a governing body that is a company, partnership, joint venture or trust.

There are several issues here. The first is that there appears to be some duplication in the drafting. A Crown owned subsidiary that takes one of the named organisational forms could be captured in clause 283(1)(a) or clause 283(1)(c). Second, and more important, is that we see no grounds for excluding a local authority appointment to the governing bodies of forms listed in clause 283(1)(c). Local authority representatives can and do successfully govern and contribute to the governing bodies of each of these organisational forms.

Projects will not have the support of local communities where there isn't appropriate means for ensuring local concerns are reflected at the project governance level. Local authorities must be represented 'as of right' on project governance bodies regardless of the organisational form.

Recommendation: Appointment to Project Governance Bodies

17. That Kāinga Ora be required to appoint at least one local authority nominee to each project governance body.

Rating Powers

Does the Bill Require an Annual Budget for Kāinga Ora?

Clause 93 provides that Kāinga Ora must set rates in accordance with the development plan and the annual budget for the year. Loosely speaking. the provision has been copied from the equivalent provisions of the Rating Act. We have no concern with that *per se*.

Our concern is that we have been unable to locate any provision that requires the production of an annual budget. The development plan sets out sources of funding – though the wording of these provisions is open to interpretation as to whether this is year by year or in total. One of the supporting documents requires Kāinga Ora to

set out the infrastructure spend – although again its not clear that this is annualised or in total.

The Committee should clarify whether there is an intent that Kainga Ora prepare a formal annual budget with officials. Our view is that the development plan should include indicative annual budgets as a matter of course, and that there should be an annual process (which might then provide for changes to the plan and orders).

As an aside, these schemes will incur substantive administrative costs. It is unclear to us that the targeted rating provisions allow for recovery of anything other than capital costs. The Committee should seek clarification of this – if the legislation doesn't expressly provide for it, then by default the cost will be borne by the Crown.

Specification of Project Areas and Differential Categories

Kāinga Ora is empowered to set targeted rates on rating units within the project area. One of the pieces of advice that we provide local authorities is that all ratepayers must know whether they are liable to pay a targeted rate or not, and that equally ratepayers must know without doubt .

This applies equally to the project areas designed by Kāinga Ora and any differential categories. We submit that the legislation should clearly state that the project area must be specified to this level. Part 2, subpart one sets out the key features of projects and would be the logical place for such a provision.

It would also be prudent for Kāinga Ora to seek advice from the affected territorial authorities when designing any differential categories.

Recommendation: Project Areas

That a provision be added to Part 2, subpart one requiring the specification of project areas with sufficient particularity that residents of the affected area know without doubt whether they reside in the project area.

Remission and Postponement Policies

The Bill requires Kāinga Ora to develop its own policies for the remission and postponement of rates on Māori freehold land, and similar policies of remission and postponement of rates on land in general title.

The former requirement is the equivalent of requirements in the Local Government Act 2002. The latter places Kāinga Ora under an obligation that doesn't extend to local authorities (which need only have a remission and postponement policy for land in general title if they intend to remit or postpone rates on this land).

Territorial authorities who collect rates on behalf of regional councils often observe that administering different remission and postponement policies adds an additional layer of cost and complexity to the administration of rates. Differing policies also do little to aide the ratepayer in their understanding of their bill and what assistance might be available for them. This is one of the reasons that there has been a slow-moving trend to regional councils collecting their own rates, and that it's now common for regional council remission and postponement policies to mirror those in each territorial authority.

Kāinga Ora can expect this to be a topic that will come up in feedback on the development plans. We are unclear whether the legislation empowers Kāinga Ora to adopt different policies with respect to each development and therefore recommend that the Committee seek advice from officials.

Recommendation: Remission and Postponement Policies

That clause 64 be amended to:

a) clarify that the remission and postponement policy on land other than Māori freehold land is not mandatory

b) clarify that remission and postponement policies may differ from project to project.

Exemptions

The Bill proposes that Kāinga Ora apply the exemptions that exist under the present Rating Act. In essence, properties treated as exempt rates (such as a school) are required to pay only targeted rates for water supply, sewage disposal and refuse collection where the rating unit receives the services.

This is an area of the Rating Act that finds little support in the local government sector. Even the Government's think-tank, the Productivity Commission, has recently concluded that there is no principled justification for most exemptions including those enjoyed by the Crown. While this is an area well beyond the scope of the Bill, our members would want us to draw this to Parliament's attention.

Kāinga Ora will be setting targeted rates to fund its roading functions. As the Bill is worded, all exempt properties would be exempt from these rates. Given the relative lack of transparency and engagement in this rate-setting process, it seems more important that all properties should contribute.

There is also a logical flaw inherent the design of this provision in that Kāinga Ora will be providing non-roading infrastructure and can only levy for what it provides, yet the factor that determines whether exempt properties are liable for rates is based on a service provided by someone else.

Recommendation: Exemptions from Kāinga Ora Rates

That all rating units be required to pay targeted rates for the roading functions of Kāinga Ora.

Notice of Rates Resolution

As drafted clause 199 requires Kāinga Ora to notify local authorities of their resolution to set rates as soon as practicable after setting them. This represents the start of the process to assess and collect rates. Most, but not all, local authorities set their rates as soon as possible after adoption of the annual plan (i.e. late June or July).

In the lead-up to setting rates local authorities are changing the necessary system parameters to enable the assessment of rates. We noted that the Infrastructure Funding and Financing Bill requires that the proprietors of the so-called special purpose vehicle to advise local authorities of the charges they wish to collect by 10 May. We see no reason that this could not be replicated in the Bill – especially given the level of financial and asset planning done before the development plan takes effect.

Recommendation: Notice of Rates Resolution

That clause 199 be amended to require Kāinga Ora to notify local authorities of the rates they have set by the 10th of May preceding the commencement of the financial year for which the rates have been struck.

Access to the Rating Information Database

Clause 213 requires Kāinga Ora and territorial authorities to share rating information, We support the intent of this clause – indeed the legislation would not work without this clause. However, in one area the Bill appears too broadly drawn in that it requires the local authority to share its entire rating information database when Kāinga Ora would require only a fraction of the information (i.e. the data for all rating units in the project area). Agencies providing other agencies with information they do not need to meet statutory obligation is questionable from a privacy standpoint.

Recommendation: Access to the Rating Information Database

That clause 213 be amended to limit the exchange of rating information to that which relates to rating units situated in the project area.