**Infrastructure Funding and Financing Bill**

**Appearance at Environment Committee**

**Opening Statement**

Thank you, Mr Chairman for the opportunity to appear before the Transport and Infrastructure Committee to discuss our submission on the Infrastructure Funding and Financing Bill).

As this is the first time SOLGM has had the privilege of appearing in front of this Committee, I’d like to say a few words about us. We’re an organisation of 873 (at last count) Chief Executives, managers and other employees of local authorities. Simply put our job is to support local authorities to do the best job they can for their communities – including input to the technical, practical and managerial aspects of legislation.

The sector and SOLGM support this as a means of enabling the construction of growth supporting infrastructure without adding to debt on local authority balance sheets. We are aware of at least two local authorities that are actively looking at this to release shovel ready land – Hamilton City (for release of land in the so-called Peacocke and Rotokauri catchment) and Auckland council (where there is a prototype in the so-called Milldale development – a partnership between Crown Infrastructure Partners and Fulton Hogan with the levies collected through Auckland Council).

One of the advantages of having the majority of SOLGM’s policy portfolio is that I get to see all of the system legislation as it comes forth. So I can join the dots on what’s the major trends.

This is one of three current legislative or policy initiatives where policy-makers are looking to provide access to the rating system to agencies outside local government. SPVs will have access to the rating system. But so also will Kainga Ora, under the Urban Development Bill currently before your colleagues on the Environment Committee. And thirdly, and the one that for us came a little out of left field, a proposal to replace some or all the insurance levies used to fund FENZ with a levy on property collected through the rating system.

And all this is happening as the government considers its response to the recent Productivity Commission report on local government funding and as both central and local government considers recovery plans (indeed there have been communications to councils about shovel ready projects). If there’s been any cross-government alignment of the cumulative impact of all of these policy proposals it is not evident from the advice that’s in the public domain (or at least that we could locate).

We’d also observe that the administration of rates on behalf of other’s costs. Delegation of the collection doesn’t delegate the responsibility; the regional councils are still called on to communicate (and explain) their rating decisions. Don’t forget SPVs are meant to be transitory and the nature of the approval process means the Minister of urban development won’t be able to wash their hands. As a general rule the simpler the SPVs make their levy and related other policy decisions the lower the cost will be. There may be value in a common remission and postponement policies.

The other issue we have is that the before the fact accountability to the ratepaying public is weak. There’s no obligation to engage with the public in the project area, and no obligation on the SPV to publish the notice (its on the monitor and local authority after the fact). It is entirely possible that the first many of the levy paying public will know of this is if they happen to look at their rates notice in detail. The Milldale development levies start at $1000 per house and $650 per apartment per year – if that is any guide it’s a significant sum to rely on this kind of after the fact accountability. This could be done in several ways – some as simple as a public notice and a meeting, or as formal as an obligation on either the proposer or recommender to seek views.

To highlight some of the other key points from the submission:

* the levy proposal needs a bit more detail as to what’s to be funded and who the SPV is (what type of body it is and who the governing body is)
* we’d like to see a bit more incentive to engage with the affected local authority before the fact
* we’d like to see better alignment with the infrastructure strategy and asset planning in the local authority (and other infrastructure providers)
* especially important, we’d like government to consider treating these levies as ‘rates’ for the purpose of the Rates Rebate Scheme – we assure you that the ratepaying public will not distinguish if they are on a rates notice.

There is a lot to be worked through in this Bill. Our particular ‘in house’ expertise is in the system legislation, in the context of this Bill that’s the Local Government Act and the Rating Act. But as you’ve seen we have a network of 873 local professional and 78 local authorities to draw on. We stand ready to assist the Committee and officials as needed. In that spirit we’d be happy to take questions.