In the draft report there isn't any incorporation of the public submissions. There were quite a few of them, and they make useful contributions to the discussion of council funding. This is not only because some of the writers provided much more than cursory comments or analysis, but also because they are written from the perspective of ratepayers, while the report reflects the mindset of those inside government. And those inside the government, or whose livelihood depends on maintaining good relations with the government, are predominantly influenced by that when it comes to the issue of council financing. So leaving out the views of these civic minded submitters also represents a loss of the prospect for a balanced discussion of the topic.

The government employees and private contractors responsible for the report are naturally aligned against ratepayers over this very issue of council funding. Yet this is New Zealand. And putatively, this process is being conducted in a non-partisan manner. But thus far, the report has come to solely focus on new sources of revenue, whereas ratepayers want to suggest to their councils that it is time to look inward and cut unnecessary expenditure. I read every one of the submissions. And according to my reading, they overwhelmingly express the sentiment that councils do not yield to the concerns of ratepayers about their spending, which, despite what the report seeks to establish, is increasingly burdensome.

The report authors adjust rates for the CPI, then claim that rates are only moderately higher than in 2000. But what that proves is that rates have increased moderately more rapidly than other living costs. It is not an indication of their affordability. In fact, incomes have been losing ground relative to the growth in household non-discretionary expenses for four decades. That means something has got to give in terms of how households cope with growing financial pressures, among which rates are increasing the fastest.

Increases in rates are especially difficult for ratepayers to cope with. The reason for that is that ratepayers *must* pay their council, whereas in the case of other categories of household expense, they have options. When it comes to food, housing, transportation or consumer goods, if households are dissatisfied with price rises, or literally can't afford them, they can cope by making cheaper substitutions. We all have done this, for instance, by switching to generic grocery items over branded products. But there is no cutting back on our consumption of rates, or finding a substitute product.

And after decades of being pressured to find cost savings in their budgets, households have been forced to make adaptations besides substitutions. These have compromised quality of life and further limited families' ability to find areas in which to economise. The major change has been both parents working full time in a majority of cases. That generally means that the homemaker spends most of her time being a wage earner, with the concomitant losses to domestic life. Significant among these are putting the children in day care, and lack of time for the preparation of nutritious meals. The effects upon family wellbeing of not having mother at home are manifold, and they represent a dramatic loss to the age-old pattern of family life.

Further adaptations to rising costs have been made by downsizing expectations in a home and section, opting for a less expensive vehicle, or deferred maintenance on the home, which many of our towns visibly suffer from. Residents even resort to sharing their homes with extended family or paying guests. And these changes also affect tenants, as landlords are anxious to pass on their increased costs. Do our councils appreciate that their populations have been forced to make significant sacrifices, and have nearly exhausted their options for coping with higher costs?

Virtually the whole or our communities have undergone the impacts of rising living costs. And to further undermine residents' financial security, increases in rates have been accompanied by growing council debt, which is legitimate in terms of intergenerational investment, but not so where it is used to defer the cost of rising council expenses. Yet even with this mechanism to hide the extent of the rising costs of our councils, rates are still the fastest growing category of household expenditure over the past twenty years. And the proportion of after-tax household income that rates consume today is double what it was in the early 2000's.

But the report does not focus on finding efficiencies so as to spare hard-pressed families further demands from their rates invoices. By ignoring the public input, the government is looking to business as usual. And the report directs our attention to the search for new revenue sources rather than efficiencies. Councils are at or approaching their borrowing limits, which is why novel, and perhaps dangerous means of extending those limits are being sought.

Under consideration in the report is a 'windfall profits tax', in the form of an annual levy on the unrealised gains in ratepayers' homes and businesses. The proposal carries a provision that prevents the money collected from having to be paid back in case, lo and behold, the market takes back what it has 'given'. That is in order to ensure the continuity of council funding from the measure in case values collapse, and is accomplished by annual re-benchmarking, whereby prior losses are erased, so that going forward the same increase back to the prior market peak is taxed again.

This duplication, whereby ratepayers pay repeatedly for the same 'windfall' increase in value, compounds the effects of the tax on negating ratepayers' long-term gains in their real-estate. And if those ratepayers aren't already alarmed by dramatic increases in their mortgage balances and insurance costs, this measure will convince them that the only party to whom real estate gains are a windfall are our councils, particularly because the tax is required to be paid when there has been no profit realised, so that alternative funding must be accessed to pay the bill.

Ratepayers are already over-stretched, and have sacrificed to meet their obligations to government. Government entities meanwhile, are effectively insensitive. The submissions reflect their writers' hopes that this was an opportunity to present their situations and suggestions. But they also reflect the view that councils are oblivious to the discomforts of their ratepayers. And, indeed, the report focuses on things like: "praise Hauraki District Council for its coherent strategic framework, in which its strategies and plans are closely aligned with its vision and goals, and reflected in the Chief Executive's performance agreement." Stroking our overpaid council CEO's egos is a poor substitute for sensitivity to ratepayers.

The submissions have been quashed. In a draft report that runs to over 200 pages, there is not any mention of the proposals of public submitters. No discussion of their merits or lack thereof. Nothing. Sweeping the submissions under the carpet evidences that the process was a box-ticking exercise to give an appearance of legitimacy to this enquiry, whose underlying agenda is to develop further means to extract more rates money from our people. And while that may pragmatically serve the interests of the public sector, it will erode the economic sustainability of our communities.

The dismissal of citizen input confirms that a deep state scenario is operating here in New Zealand. Our self-serving bureaucrats dominate our councils, and run them so as to secure their own interests. An RLC Councillor wrote to me as follows:

"It is not a matter of not being interested in your problem - I have assisted as far as I am permitted to do. Elected officials are not permitted in any way to interfere with the running of council staff or their interpretation of their duties - that is the prerogative of the CEO alone."

So, along with ratepayers, District Councillors' participation in government is largely for the sake of appearances, as neither has effective control over the process.

There needs to be a turning point here. Government needs to begin to look inward to cope with its increasing costs. There are *so many* more options for councils to be creative in reducing their expenditure, compared to families. This is where the public can enthusiastically step in to offer suggestions. Finding efficiencies for our councils is where the attention needs to be directed so that rates stop going up and debt comes down. And this inquiry needs to serve what its purpose should be, which is to understand what has happened to ratepayers as living costs have gone up, and what it makes sense to do in the present circumstances about council expenditures.