



FMWP News 4 March 2009

The SOLGM Financial Management Working Party (FMWP) met on the 27th of February. Here are some of the items of interest.

Financial Management Seminar Only 4 Weeks Away!

This years SOLGM Financial Management Seminar “Managing in the Tough Times” is being held in Christchurch on 2/3 April. Topics for discussion this year include:

- the recession – how long is it likely to last ?
- writing a useful development contribution policy
- making the annual plan an exceptions based document
- controlling costs
- using revenue tools creatively (and legally)
- and of course all the usual updates on accounting, tax, and audit matters.

The full programme is attached [here](#).

The seminar is a welcome break after the stresses of getting the statements of proposal ‘out the door’ - register **now**.

Local Government Law Changing?

Most will be aware that the Royal Commission on Auckland Governance will be reporting at the end of March. Assuming that the Government wishes to implement some or all of the changes the Commission recommends it appears that there may very well be an ‘Auckland Bill’ in the house in June (in order to ensure preparations for any new bodies are in place for the 2010 elections).

The Minister's recent speeches have also hinted at changes to 'local government transparency and accountability' which potentially suggests that either he may be thinking of making the Auckland Bill into a omnibus Local Government Law Reform Bill or that some other future opportunity may arise. Our pick is the former.

With this in mind, FMWP is in the process of 'dusting off' its 2007 submission to the Local Government Commission and looking at what of this is still relevant. We will be feeding our thoughts to the Minister by 25 March.

Coming Soon to An Email Near You ... Part One: Template

Last year the SOLGM Executive asked FMWP to conduct some work looking at the merits of a Shand Inquiry recommendation that the sector develop a template for reporting expenditure requirements.

FMWP has concluded that a template that is

- fair, unbiased, and as difficult to manipulate as possible
 - applicable to all local authorities
 - capable of being understood by the public at large (especially the media)
 - drawn as much as possible from readily available information,
- would be a useful tool for the sector.

We will be issuing an exposure draft for sector comment on or before **20 March** for return by **2 June**.

We consider that the sector has the choice of preparing its own (with honesty of purpose and methodology) or wait for other parties to prepare information. We see the template as enhancing public understanding as opposed to being a tool for the promotion (or vilification) of individual local authorities.

The template takes the form of a series of reasonably commonly used financial indicators. There are (or should be) no surprises in any of the indicators.

Coming Soon to An Email Near You ... Part Two: Charging Guidelines

Also coming in the near future is an exposure draft of SOLGM charging guidelines, *The Price is Right: The Kiwi Version*. The key messages are:

- charging is more than a device for raising revenue, a well-designed charging system is a tool for supporting a local authority's wider policy and service delivery objectives (e.g. demand management, equity objectives)

- a well designed charging policy should minimize public concern about the introduction of charging
- charging policy should ideally be made on a local authority wide basis – and with as consistent an approach as legislation permits, and recognizing that it is ultimately a political decision
- charging requires a sound understanding of the legal framework, not just the specifics of charging provisions (such as the Building Act) but the linkages to the making of funding policy.

This is still undergoing legal review but will be out before the end of March for return some time in late May to June.

Shand Inquiry

“263 (2009). Hon George Hawkins to the Minister of Local Government (10 Feb 2009): Is he providing local government with guidelines on the level of rate increases for the next fiscal year; if so, what are his expectations?”

Hon Rodney Hide (Minister of Local Government) replied: No, I am not issuing guidelines on the level of rates increases for the next fiscal year. However, I consider it is important that councils exercise restraint with any rates increases and keep spending at levels that ratepayers can afford. I note that a number of councils are attempting to keep rates increases to below the rate of inflation and I am encouraged by their progress. “

(from the Parliamentary website)

The Minister’s speeches, and our discussions with him strongly suggest that no further policy work is planned on the bulk of the recommendations from the Shand Inquiry into local government rates. Significantly his speeches also contain no signal that he is contemplating any regulation of rates (the above answer to a Parliamentary question also sends the same signal).

We will, of course, be raising some of the issues with the Minister through other means (such as any Omnibus bill).

One issue that remains very much ‘live’ is the rating of Maori freehold land, we understand that the programme of research run by Te Puni Kokiri is still operational, and will continue through to September.

BERL Forecast Price Adjustors

The BERL review of last October’s price adjustors will be available on or before 19 March. The review will incorporate economic data from the September and December quarters of 2008 (when the recession began to bite).