

Adam Kempton: 12 reasons why not to break the rate cap



By Adam Kempton

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1. Unfair burden: Rates are in essence a regressive tax. That means they affect people with lower incomes greater than high income earners . If you are a pensioner and the rate cost to you increases by one dollar, then the impact on you is greater than the millionaire whose rate increases by one dollar. This means the rate increase imposes a disproportionate tax penalty on low income people.

Does the council want to be a council for the rich?

This, in essence, is stealing from the poor to give to the rich.

2. There has been no increase in pensions or wages for many years, so why should council increase its revenue way ahead of the community?

3. Local council (and other tiers of govt) more or less have a guaranteed flow of revenue (taxes/rates) , unlike other people and sectors of the economy.

4. The new Chief Executive needs to be given a go in finding savings in reforming council so no increase is necessary.

5. The results of the community consultation poll, which strongly opposed the rate increase, were discarded.

6. There is a federal election in May. The council does not know the positive or negative impacts of a change in Federal Government on its rate/revenue position.

7. It will be a massive embarrassment if the Minister or Essential Services Commission – to which the council applies for the increase – rejects your application for the increase.

8. The rate increase sends a bad signal to the community that says the council will always take the soft and easy approach by increasing its revenue, rather than seeking to find efficiencies.

9. Opposing a rate increase signals the council is applying the same principles that the private sector and households impose upon themselves in the same situation.

10. Is there, or has there been, a long-term (say 10 years) strategy in which this rate increase would fit?

11. What consideration has this proposed rate rise being given

in the context of the massive infrastructure proposed spend for this area? And what consideration has been given in the event that infrastructure spend does not occur?

12. What account has been taken of the economic downward pressure on the area through the milk price and cost pressure in the important dairy economy? This has serious effects right through all sectors of the local economy.

The Terrier is taking a closer look at how we went from budget stability to a budget emergency. It is a slog through some pretty dry data, but worth it. Stay tuned for updates.