

Media Release



New Thinking on Council Spending in UK

“The UK government has announced its intention to introduce automatic referenda if the rate of increase in council tax (rates) exceeds a threshold set by parliament”, Roger Kerr, executive director of the New Zealand Business Roundtable, said today.

It has said that if councils want greater increases they will have to prove their case to the electorate. If a majority of voters reject the increases, ratepayers could receive a refund.

Mr Kerr noted that the idea was similar to proposals that the Business Roundtable and other business organisations had made in New Zealand.

In a submission on a bill currently before parliament amending the Local Government Act 2002, the Local Government Forum asked the select committee to “consider whether local authorities should have a spending limit (for example, that spending and rates should not increase by more than population growth plus inflation) with discretion to ease it via referenda.”

“Reactions by Local Government New Zealand that such spending rules, and similar proposals constraining councils to public goods activities subject to an override by referenda, represent ‘a weakening of local democracy’ are ridiculous”, Mr Kerr said.

“The UK government has rightly said that its proposals are a ‘radical extension of direct democracy.’ ”

The Business Roundtable has advocated the introduction of a similar rule for central government spending.

For background, see <http://www.bbc.co.uk/news/uk-politics-10806200>

2 August 2010

For more information contact:

Roger Kerr
Executive Director
Ph: +64 4 499 0790
Email: rkerr@nzbr.org.nz

www.nzbr.org.nz