

## **Tax Working Group Public Submissions Information Release**

### **Release Document**

**September 2018**

**[taxworkinggroup.govt.nz/key-documents](http://taxworkinggroup.govt.nz/key-documents)**

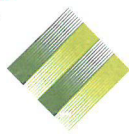
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



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## Office of the Mayor

26 April 2018

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### **Submission on the Future of Tax**

Thank you for the opportunity to submit on the future of tax in New Zealand.

The Western Bay of Plenty District Council wishes to provide comment on the following issues for your consideration on the future of taxation in New Zealand.

We wish to support LGNZ's submission.

We particularly note that taxation in New Zealand is the primary mechanism for funding for both central and local government, and that a holistic consideration to taxation should be taken.

A pressing matter we would like addressed is the removal of GST from local government rates. The current situation is inherently wrong. The levying of this is essentially a tax on a tax, where a tax on consumption (GST) is charged on a tax on property (local government rates). The removal of this would contribute to the local affordability of living costs (including flow-on effects to renting costs).

In a similar vein, we continue to request that consideration be given to a review of the thresholds and abatement gradient for DIA's Rates Rebate Scheme. This is the methodology by which central government determines who receives a partial exemption to taxation on property through local government rates. The rebate has not kept pace with changes experienced. Over the past three years average rates in New Zealand have risen by 12.8%, however the maximum level of the rebate available only rose by 2.5%. A review is necessary to ensure the rebate scheme meets its objectives and to determine if further limits (for example on property value) should be included. Again the issue of affordability in our local communities is paramount.



Housing is of national concern and is explicitly considered through this review. Addressing housing affordability requires a multi-pronged approach, with multiple work streams and parties being involved. Amending taxation to enable the delivery of more affordable housing is an important aspect, as is supporting the operation of social housing already available. Utilising revenue received through general taxation to support social housing provides an essential level of support. To better deliver on this outcome, we wish to see the Income Related Rent Subsidy (IRRS) expanded to enable local government to access financial support to deliver social housing. Currently this is limited to registered Community Housing Providers, with local government explicitly denied access to this funding. This has led to Council owned social housing portfolios across the country constrained by underinvestment and being sold to third-parties. With the increased revenue available from the IRRS local government can take a more active role in delivering affordable living to those in need.

Once again thank you for the opportunity to comment on the Tax Working Group's background paper. Please contact me if you have any questions.

Yours sincerely,

[1]

Garry Webber

**Mayor – Western Bay of Plenty District Council**