Your Region, Your Future

Auckland Regional Council
TE RAUHITANGA TAIAO

Draft Long-Term Council Community Plan 2006-16

We welcome your submission

To make a submission, please complete the following form or write to us outlining the changes you would like made to the Draft Long-Term Council Community Plan 2006-16, by 5 pm 4 May 2006. Please outline your reasons and the numbers of the page/s you are referring to. Hearings will be scheduled from 9.30am on 23 May 2006.

Please note that all submissions are available to the public

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Submission on

AUCKLAND REGIONAL COUNCIL'S

DRAFT LONG TERM COMMUNITY PLAN 2006 – 2016

Presented by

Employers and Manufacturers Association (Northern)

in conjunction with

New Zealand Business Roundtable

May 2006

EMA wishes to be heard in support of this Submission.

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AUCKLAND REGIONAL COUNCIL'S DRAFT LONG-TERM COUNCIL COMMUNITY PLAN 2006-2016

1 Introduction

This submission is made on behalf of the Employers and Manufacturers Association (Northern) Inc (EMA),and the New Zealand Business Roundtable. EMA is an organisation with 120 years of representation experience in the Region. The EMA was formed in 1996 following a merger of the Auckland Employers Association and the Auckland Manufacturers Association. Both organisations were originally formed over 100 years ago.

EMA represents approximately 7634 member businesses from the Far North to Bay of Plenty, employing over 237,946 staff. EMA is the largest member of Business New Zealand which was formed from the New Zealand Employers Federation and New Zealand Manufacturers Federation during May 2001. Business NZ represents 76,000 businesses throughout New Zealand.

The **New Zealand Business Roundtable** is an organisation comprising primarily chief executives of major business firms committed to contributing to the development of sound policies that reflect overall national interests. It was formally established in 1986 and founded on the belief that a healthy, dynamic business sector and open and competitive markets are fundamental to the achievement of a prosperous economy and fair society.

2. Background to EMA'S relationship with the Auckland Region

EMA members:

- number over **4,503** businesses and other organisations across the entire spectrum located in the Auckland Region.
- employ more than **201,366** staff.
- have a total payroll estimated at almost $**8.1** billion p.a.

A majority of EMA's members are small and medium sized businesses, where owner's incomes are modest. They are prepared to pay a fair share of the cost of services, which are the responsibility of the Auckland Regional Council but have concerns about the extent to which they are being unfairly loaded with a rating burden that should fall more heavily on those who benefit from the services ie the residential ratepayers.

Major industries represented by the EMA in the region cover the whole range of manufacturing, retail trade, financial and business support services.

Our Submission is based on consultation with our own Infrastructure Committee, EMA members located in the Region and Senior EMA Staff.

NZBR's Relationship with the Auckland Region Council:

NZBR members number:

- 29 companies in the Auckland Region, mainly representing larger businesses.
- Most NZBR members are also EMA members.

3. Overview

3.1 The forecast levels of spending and rates revenue over the life of the LTCCP is excessive. Total spending is forecast to increase by 32 percent. There is no information in the LTCCP which indicates that such spending would improve the overall welfare of residents.

3.2 Total rates revenue is forecast to increase by 77 percent or an average of 6.5 percent a year. EMA/NZBR is opposed to the increase in the level of rates planned for 2006/07 and forecast over the life of the LTCCP. The ARC should instead focus on reducing its spending to acceptable levels.

3.3 The grounds for the business differential rate have been examined extensively over the last few years.[1] The onus is on the ARC to demonstrate that its rating policies are justified on valid public policy grounds. It has failed to do so. The differential rate lacks any principled rationale and simply reflects an arbitrary decision to impose rates on a section of the community that is poorly represented at the ballot box. EMA/NZBR submits that the business differential should be phased out over, say, 5 years. The impact on the residential sector can be reduced by applying strict value for money criteria to all spending.

3.4 The balance of this submission is presented in 5 sections. The next section (section 2) examines forecast spending and revenue through to 2015/16. EMA/NZBR submits in section 3 that forecast spending should be reduced and outlines some areas where the ARC should seek to make reductions. We argue in section 4 that the forecast rate increases are excessive. The ARC's rating policy, focusing on the business differential rate, is discussed in section 5. Our conclusions are presented in section 6.

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1 Independent reports were prepared by Associate Professor Basil Sharp and Greg Dwyer, see Sharp, Basil (2005), *Beneficiary Assessment for Council Services: Report to the Auckland Regional Council*, Supporting Information Auckland Regional Council – Annual Plan Hearings, 25 May, Auckland Regional Council, Auckland and Dwyer, G E (2005), *Rating Business: A Review of The Sharp Report and An Auckland Regional Council Memorandum on Rating Policy*, report prepared for Employers & Manufacturers Association (Northern) Inc *et al,* Auckland.

4. Forecast Spending and Revenue

4.1 Total expenditure is forecast to be $229 million in 2006/07. The level of spending appears to be little changed from that provided for 2005/06 in last year's annual plan ($230 million). The LTCCP contains no comparable data for 2005/06, including the projected level of total spending. This is an extraordinary omission because the LTCCP doubles as the annual plan for 2006/07. In the absence of the provision of comparable data for 2005/06 in the LTCCP, it can only be assumed that financial forecasts contained in last year's plan and in the LTCCP have been prepared on a consistent basis.[2]

4.2 If spending is forecast to be approximately constant in nominal dollars, why is the ARC proposing to increase total rates revenue by about $9 million or 7.8 percent? This question does not appear to have been addressed in the LTCCP.

4.3 An increase in rates between 2005/06 and 2006/07 appears to arise mainly because funding provided by Auckland Regional Holdings (ARH) is forecast to be $9 million lower than in 2005/06. Such funding has been substantially reduced through to 2013/04 when the present LTCCP ends. The reason for this change is not explicitly disclosed in the LTCCP but it could relate to lower spending on activities that are funded through ARH, lower funding available following the purchase of shares in Ports of Auckland Limited not previously held by the ARC group (20 percent), or both.

4.4 The ARC proposes to increase the level of rates payable on each dollar of rateable property by an average of 4.9 percent in 2006/07. The LTCCP does not appear to explain why the level of rates is to be increased in 2006/07, aside from noting that the increase is consistent with that projected in last year's annual plan and that the increase is less than the rate of inflation. The summary of the LTCCP contained in the April edition of *Region Wide* does not even identify the level of increase in rates that is proposed.

4.5 Although the level of spending appears to be broadly constant in 2006/07, the LTCCP proposes solid growth in spending from 2007/08 through to 2015/16. Total spending in nominal terms is forecast to grow at an average annual rate of over 3 percent to be 32 percent higher in 2015/16. Taking account of the ARC's price level assumptions, real spending is forecast to grow by about 1 percent a year over the life of the LTCCP.

[2] The ARC has been asked to supply data showing total spending in 2005/06 broken down by the seven major activity groups. It has advised that the ARC cannot supply such information or any comparative financial information for 2005/06.

4.6 A much faster rate of growth in spending is forecast in the initial years of the LTCCP. Nominal spending is forecast to grow by 13 percent in 2007/08 and a further 9 percent in 2008/09. While the annual growth rate subsequently slows, spending from 2009/10 is likely to be subject to substantial upward revision, particularly for spending proposed by Auckland Regional Transport Authority (ARTA), unless the overall economic benefits and costs of spending proposals are subject to much closer scrutiny than appears to be the case at present.

4.7 Transport accounts for around 60 percent of total spending forecast through to 2015/16. Spending on transport in 2006/07 ($134 million) is forecast to be lower than that provided in 2005/06 ($143 million) but it is forecast to increase by 34 percent between 2006/07 and 2015/16 to reach $180 million.[3] Subsidies for mass passenger transport services account for the bulk of such spending. It is impossible to analyse such spending because even the most basic information required, such as the forecast numbers of journeys to be subsidised each year, is not disclosed in the LTCCP.

4.8 Higher growth in spending is forecast through to 2015/16 for open spaces (44 percent) and economic development (36 percent) than for transport which is stated to be the 'number one priority'. On the other hand, the growth in spending on the natural environment (14 percent), built environment (18 percent), regional leadership (20 percent) and safety (26 percent) is lower than the growth in total spending.

4.9 New spending proposals totalling a massive $700 million that were included in ARTA's draft passenger transport plan have not been formally included in the LTCCP. The ARC is not prepared, at present, to raise rates by an average of 17 percent a year to fund them from rates and because ARH's investments would be fully drawn upon by 2011/12 if they were to be funded through ARH. The ARC is, however, seeking public comment on such 'unfunded' spending. The additional spending would boost cumulative spending on transport over the life of the LTCCP by 42 percent and total spending by 25 percent.

4.10 Total rates revenue is forecast to increase from $127 million in 2006/07 to $223 million in 2015/16, an increase of 77 percent. The annual average increase in rates revenue of 6.5 percent is around 4.5 percent a year higher than the average rate of increase in costs assumed by the ARC. Moreover, this increase comes on top of a one-third increase in rates revenue in 2003/04.

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3 The decline in spending on transport in 2006/07 might be due to changes in the classification of spending.

4.11 The growth in rates revenue over the LTCCP is being driven by excessive growth in spending and an increased reliance on rates to finance such spending. In 2006/07 rates revenue is forecast to fund about 55 percent of total expenditure. By 2015/16 it is forecast to fund 73 percent of total spending. There has been a commensurate reduction in funding through ARH distributions from 31 percent to 18 percent.

4.12 The LTCCP provides for modest surpluses in all years except 2007/08 and 2008/09 when small deficits are forecast.

4.13 Because the spending and funding proposed in the LTCCP are interrelated with ARTA and ARH respectively, it is impossible to form an informed view on the sustainability of the forecasts in the absence of consolidated forecast income statements and balance sheets for the ARC group.

5. Spending Reductions

5.1 The fundamental issue is not whether spending can be funded based on a political assessment of the level of rates citizens might reluctantly tolerate or the level of ARH funding available on a sustainable basis but whether spending, properly assessed, constitutes a worthwhile use of resources from an overall community perspective. This applies to existing spending, proposed new expenditure and unfunded spending. If resources are used in low yielding activities, economic efficiency, growth and the overall welfare of the community are impaired. This would be inconsistent with the requirement on all local authorities to promote the social and economic well-being of their communities.

5.2 Spending on mass passenger transport is being driven by the desire to achieve passenger patronage targets that were set in the Auckland Regional Land Transport Strategy without real regard to the cost of achieving them. ARTA's 'blue skies' draft passenger transport plan is understood to adopt the highest patronage target contained in the Strategy.

5.3 The economic grounds for subsidising mass passenger transport are generally weak. Passenger transport services are essentially private good activities that should be provided privately (which is largely the case) and funded in the normal way through prices paid by users (including private road users in general), but only to the extent that they also benefit. Residents who work from home, live in a central city apartment or shop at nearby businesses are not subsidised for not using congested roads.

5.4 In any event, the case for subsidies for passenger transport is dubious with efficient road pricing. Given the probable implementation of more efficient road pricing over the medium term, long-lived projects should only proceed if they can stand on their own feet and should not be justified on the basis of transitory events such as the world rugby cup.

5.5 Mass passenger transport projects, particularly rail projects, are being implemented or planned that are poorly conceived. Major low return projects, like the 'Think Big' projects of the 1980s, make New Zealanders poorer. The capital and other resources absorbed by them could be used in more productive, wealth-creating ways. Communities that are wealthier are better placed to address social and environmental concerns.

5.6 In addition to closer scrutiny of new transport proposals, there is scope to make savings on existing spending programmes. Some examples are noted below:

- Rail fares are expected to cover only 18 percent of ARTA's total operating costs for rail services in 2006/07. It is implausible that external benefits (those that accrue to the wider community) account for the balance of operating costs plus the implicit subsidy on capital invested which is bound to be substantial. Even now the subsidy per train trip is $6.50. The price of day and weekly passes for travel by train was not adjusted when other fares were increased by 10 percent in February 2006 for the first time in five years. In the meantime, the cost of travel by private car and buses has risen. Thus the real subsidy to regular rail users has increased.

- Some subsidised bus services are understood to be lightly patronised and to make no discernible contribution to reducing road congestion. Peak-hour bus services which might assist in reducing congestion are often not subsidised whereas lightly patronised services on the weekends are subsidised directly or indirectly by the ARC.

- While the provision of open-access parks is a valid public good activity, a judgment is required on the level of investment that is warranted and on the timing of such investment. The ARC has added four new parks since September 2004, bringing the total to 25. In 2005 the ARC held 920 hectares of farm land. While joint use of the land for recreation and farming purposes may well be appropriate, the extent of the ARC's farming operation is one indication of the extent of land that could be available for further development. The accelerated acquisition of land for parks, including coastal property "where at all possible", and other spending on open spaces should be re-examined.[4] The purchase of coastal property seems to be motivated, in part, by an ideological view that such land should be owned publicly rather than privately. A careful assessment of present and foreseeable needs of the community, open spaces owned by central and territorial authorities (such as the foreshore) in the region, the cost of developing existing and new park land, and the opportunity cost to ratepayers of additional spending on regional parks is required.

- The proposed expansion of spending on economic development is also doubtful. Most of the new spending is on consultancy contracts. The ARC is planning to provide the single point of contact in the region for new development (a function which some territorial councils in the region claim to undertake for their districts) and to subsidise some undefined events or developments. A subsidy to one firm requires higher rates than otherwise to be imposed on other firms or residents. The public policy grounds for such subsidies are dubious.

5.7 There is no information in the LTCCP which indicates that the unfunded spending would enhance the overall welfare of the community. The issue is not examined in the LTCCP. ARTA's draft annual plan, which was curiously released about half way through the limited period set aside for submissions on the LTCCP, appears to imply that certain rail projects (such as the electrification of the rail network) might be economic. Yet enquiry at the end of April 2006 indicated that while the ARTA board approved electrification, a business case for it had not been completed!

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[4] Auckland Regional Council (2006), *op cit*, p 15.

5.8 The draft business plan for passenger rail prepared by the Boston Consulting Group in May 2003 showed that the expansion of the rail transport network was massively uneconomic.[5] A similar conclusion flows from past studies of certain rail projects such as Britomart and the proposed Auckland City urban link. The level of subsidies required for rail transport indicates that existing services are very costly indeed. EMA/NZBR is sceptical that the latest proposals, which are designed to attain a 'world-class' passenger transport system rather than to be economically efficient, would withstand scrutiny. Until ARTA's plan has been closely examined its proposals should be treated with the utmost caution.

6. Forecast Rates are Excessive

6.1 The statement that the rate rise proposed in 2006/07 is only marginally ahead of the rate of inflation and is implicitly justified on that basis is mistaken. Rates are levied on each dollar of rateable property. If the capital value of property increases, rates revenue will also increase (other things being equal). Because property values tend to increase in line with other prices over time, a change in the level of rates payable in respect of each dollar of rateable property is broadly a real rate increase rather than a nominal increase.

6.2 The suggestion that prices or rates should increase in line with the rate of inflation is a hangover from the period when the economy was heavily regulated and inflation was high. With monetary policy aimed at achieving price stability over the medium term, there are no grounds to put prices or rates up simply because the general level of prices may have increased.

6.3 The price level assumptions adopted by the ARC in forecasting its spending for 2006/07 (2.5 percent for personnel costs and 3.1 percent for other costs), which are arguably of more relevance than the rate of inflation, are well below the level of the proposed rate increase.

6.4 EMA/NZBR opposes the increase in the level of rates proposed for 2006/07 and forecast over the life of the LTCCP. The ARC should instead focus on reducing its spending to acceptable levels.

7. Rating Policy

7.1 The ARC's rating policy was changed in 2003/04 when it began collecting rates directly from ratepayers rather than via territorial local authorities in its region:

- Before 2003/04 rates were levied at a uniform rate (flat rate in the dollar) on a land value basis. There were some minor exceptions.

5 EMA/NZBR does not necessarily endorse the analysis contained in the Boston plan.

- In 2003/04 the ARC adopted the capital value basis except for the biosecurity rate which continues to be set on a land value basis. This change imposed a higher share of total rates than otherwise on the business sector. A uniform rate in the dollar was generally applied.

- In 2004/05 the ARC introduced a business differential rate of 1.5 which was increased to 1.6 in 2005/06. The ARC proposes to retain it at 1.6 in 2006/07. This means that the level of rates payable by a business ratepayer is 1.6 times the rate payable by a residential ratepayer in respect of property with the same capital value. The business differential rate applies to general, biosecurity, parkland purchase and transport rates.

7.2 The main reason stated for the introduction of the business differential rate was that the business sector benefited more than proportionately from the services supplied by the ARC.[6] The draft annual plan for 2005/06, for instance, reported:

> The Council has considered the application of a differential on business rates and proposes that the business sector pays a differential of 1.6 times the rate in the dollar applying to other sectors. The Council has based its decision on its assessment of the benefits of the services it provides, the increased expenditure related to the delivery of the Auckland Regional Economic Development Strategy (AREDS) and its assessment of the most equitable allocation of [the] rating burden across the business and non-business sectors.

Some other grounds for the differential rate were also noted.

7.3 From the time when a differential business rate was first mooted, members of EMA/NZBR have pressed the ARC to demonstrate that the business differential rate is justified on the grounds claimed or on other valid public policy grounds. EMA/NZBR put forward several suggestions to progress this matter with the ARC as it believed that it could be resolved by objective analysis. The ARC declined all such approaches, although the former CEO agreed in writing that this should be done.

7.4 On the same day that the decision was taken to adopt a business differential rate (28 June 2004), the ARC resolved to commission a report to assess whether there were additional benefits received by businesses that justify a differential over and above the capital value rating system. Associate Professor Basil Sharp of The University of Auckland was eventually asked to prepare the report. Professor Sharp produced a very competent report which was circulated to councillors in May 2005.

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6 In announcing its decision on 29 June 2004, the ARC stated, "The Auckland Regional Council's introduction of a 1.5 times business differential reflects the Council's view that businesses should pay more for the services they receive."

7.5 Professor Sharp classified benefits generated by the ARC's activities as general benefits (those attributed to a broad section of the regional community) or direct benefits that accrue to business ratepayers. Most benefits (76 percent by number) were judged to be general benefits. Most activities (79 percent by number) were assessed to have a low likelihood of providing a direct benefit to businesses. Fourteen percent of activities were judged to provide a medium probability of providing a direct benefit to businesses while just 7 percent were deemed to provide a high benefit.

7.6 Neither direct benefits nor general benefits were quantified by Professor Sharp. Unless benefits are quantified it is impossible to know whether they are small or large. It is also impossible to assess accurately whether the level of benefits derived by each ratepayer approximates the level of rates paid and whether each category of ratepayers is bearing an appropriate share of total rates.

As a consequence, Professor Sharp's report did not provide the assessment that was to be undertaken and it did not immediately assist in resolving the central issue of whether a business differential rate is justified on the main ground cited by the ARC.

7.7 Two ARC officers prepared a memorandum to provide some context to the Sharp report for councillors and "to expand" the analysis to reflect the cost of activities that the ARC undertakes. The ARC memorandum ignored the explicit advice in Professor Sharp's report that benefit cannot be equated with the cost of ARC services and could not be quantified within the scope of his study. Several other mistakes were made. The ARC memorandum contained a very low quality analysis.

7.8 The real purpose of the ARC memorandum seems to have been to undermine the Sharp report because Professor Sharp did not validate the main argument which the ARC had advanced for the business differential rate. We understand that Professor Sharp asked for an opportunity to present his report to the Council but he was not given an opportunity to do so.

7.9 Greg Dwyer was highly critical of the ARC memorandum in his review of the Sharp Report and the ARC memorandum.[7] He examined a large range of papers on the ARC's rating policy which were supplied by the ARC and all arguments advanced by the ARC for a business differential rate. Dwyer reported that none of the papers examined contained an analysis that would justify a business differential rate on the capital value rating basis. Similarly, none of the grounds advanced by the ARC for a business differential were found to be valid.

[7] Dwyer (2005), *op cit.*

7.10 While Dwyer broadly endorsed Professor Sharp's analysis, he argued that the application of the benefit tax approach, consistent with the framework adopted by Professor Sharp, would be infeasible, except in some limited circumstances. Professor Sharp had suggested that empirical studies would enable the approach to be applied to quantify benefits. The ARC has not, however, undertaken studies along the lines suggested by Professor Sharp and thus the benefit approach cannot be applied on a conceptually and empirically sound basis.

7.11 The funding profiles outlined on pages 153 to 169 of the LTCCP purport to allocate the benefits of ARC activities among certain beneficiaries. The analysis seems to take no account of Professor Sharp's analysis. The allocations, though not quantified in most cases, are arbitrary.[8]

7.12 Although the main claims underpinning the imposition of a business differential rate in 2004/05 and 2005/06 are impossible to sustain in the light of the Sharp report, the ARC's rating policy for 2006/07 is essentially unchanged. The claimed rationale for the differential has, however, changed substantially. It is now so vague that the criteria are not fully identified:

> … Section 101(3) of the Local Government Act 2002 sets out the range of factors that the Council must consider when assessing the appropriate funding sources for its activities. The Council must consider its total rating policy on various groups of ratepayers, and has balanced a range of factors in developing its policy, including equity, exacerbator pays, fairness and benefit received *amongst other criteria*. The Council has balanced a range of criteria and determined that a business differential of 1.6 is appropriate and reasonable in the context of its overall rating policy.
>
> The Council has also assessed the aggregate rating impacts of its policy in line with the requirements of section 101(3)(a) of the Local Government Act where the Council is required to consider the impact of the allocation of rating liability on the social, economic, environmental and cultural well-being of the community.
>
> The Council has further considered the share of the rating burden applicable to residential and business sectors. With the business differential of 1.6, the business sector will pay approximately 28% of the ARC's rates. … The current allocation represents a similar share across the different sectors.[9]

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8 There are other problems with the analysis.

9 Auckland Regional Council (2006), *op cit*, p 148 (emphasis added).

7.13 The probability that a differential of 1.5 and 1.6 could be justified on the grounds stated in 2004/05 and 2005/06 respectively and that a 1.6 differential can also be justified on the new grounds listed must be close to zero. For instance, implausible claims that spending on particular programmes such as AREDS justified the differential have now been omitted.

7.14 It is impossible to escape the conclusion that the business differential rate lacks any principled rationale. It simply reflects an arbitrary decision dressed up by ill-defined and meaningless references to statutory and 'other' criteria.

7.15 In the past some councillors have argued that businesses are advantaged relative to residential ratepayers because they can deduct rates for income tax purposes and claim a credit for GST paid on rates. This tax argument may be among the 'other criteria' referred to in the LTCCP. Such claims have been examined over past decade or so by the Audit New Zealand, several tax experts and by Professor Sharp and have been shown to be faulty for the following reasons:

- A firm can only claim a tax deduction for rates because its income is subject to tax. Nobody seriously argues that it is an advantage to be subject to income tax. There was a storm of protest from homeowners to an initial suggestion from the McLeod Tax Review 2001 that income on owner-occupied housing might be brought within the income tax net. Councils are not lobbying the government to make all their activities taxable.

- A GST registered person or firm can claim a credit for GST paid on inputs because supplies (outputs) are subject to GST. The net GST collected is paid to Inland Revenue. There is no advantage for firms. Instead the approach allows GST to be collected in stages without the tax cascading. Councils are broadly treated the same as firms for GST purposes. Are they advantaged by claiming a credit for GST paid on inputs?

7.16 The main reason for increasing the level of the differential in 2005/06 was that the share of rates otherwise payable by the business sector would fall from its level in 2002/03. If the same approach were to be applied in 2006/07, the differential would be reduced to 1.5. The ARC claims that the share of rates paid by business and residential sectors are now forecast to be 'similar' to what they were in 2002/03. On the same basis, the shares would have been 'similar' had the differential been retained at 1.5 in 2005/06.

7.17 The view that business and residential sectors should pay the same share of total rates as in 2002/03 has become an argument to ratchet up the business differential. The share of rates payable by each sector might be of some relevance in evaluating short-term adjustment caused by changes in property values and aggregate rating requirements. It is, however, of little relevance to a principled approach to rating. What is more, the shares in 2002/03 take no account of the subsequent growth of each sector. The ARC will eventually have to reduce the significance of this factor in its rating decisions.

7.18 The grounds for the business differential rate have been examined exhaustively over the last few years. The onus is on the ARC to demonstrate that its rating policies are justified on valid public policy grounds. It has failed to do so. EMA/NZBR submits that compelling grounds for the business differential have not been established. It should be phased out over, say, 5 years. The impact on the residential sector can be reduced by applying strict value for money criteria to all spending.

8. Conclusion

8.1 The Council's proposed spending programme is excessive. A more rigorous approach to operating and capital spending is required to ensure that resources are used where they will yield an appropriate return from an overall community perspective.

8.2 The grounds for substantial subsidies for most mass passenger transport services are weak. ARTA's draft passenger transport plan should be subject to close and independent scrutiny. Projects that do not represent good value for money should be dropped.

8.3 EMA/NZBR submits that compelling grounds for the business differential have not been established. It should be phased out over, say, 5 years. The impact on the residential sector can be reduced by applying strict value for money criteria to all spending.

We wish to be heard in support of this Submission