

Ratepayers not source of free money for councils

As the Green Party found out recently, it is easy to make simple adding mistakes when talking taxes and spending.

As documented in David Farrar's Kiwiblog, the Greens hope to raise \$519 million in extra taxes through raising the minimum wage to \$15.

Unfortunately someone has to pay for those extra wages, so while a government using these policies might gain some extra PAYE from the increased taxes paid by low income workers, it would lose more in business tax as employers deducted increased wage costs from their high tax bracket incomes.

Instead of being ahead by \$519 million, any government with this policy would soon find they were actually losing on the deal.

Worse, people would lose their jobs as employers made the hard choices between productivity and being able to afford to pay wages. In the end, the nice idea just doesn't add up.

It is also disturbing to see this kind of misguided thinking within our local councils.

Many elected councillors believe spending council money on pet projects

Matthew Long



Federated Farmers Northland President

will increase economic activity and prosperity across the region.

In fact, I have even heard it said that if a council lost all the money it put into a project, but that project attracted additional investment into the region, it was a good outcome.

Another nice idea, but here is the flaw in this thinking: that council money was taken out of hard working ratepayers' pockets.

If the money was left with those ratepayers, they would reinvest in their businesses and the economic effects would multiply throughout the local economy.

Decisions such as the Northland

“Many elected councillors believe spending council money on pet projects will increase economic activity and prosperity across the region.”

Regional Council's, to increase rates to create a slush fund to be spent without accountability, show scant regard for the people they represent and a lack of basic economic understanding.

Many councillors do understand ratepayers are not a source of endless free play money, appreciate fiduciary responsibility and the financial climate.

If we build on this and create a sensible regulatory environment, our region is in a good state for growth.