

In New Zealand, local authorities have the right to put liens on property for forfeiture of rate payments under specific legal provisions outlined in the Local Government (Rating) Act 2002.

The reality is that the South Wairarapa District Council (SWDC) has a proxy mortgage on your home, your farm and your commercial property. Their ability to borrow is based on your property not assets owned by SWDC, which in fact the majority are liabilities. As an example, if a local authority can borrow money from the Local Government Finance Agency (LGFA) to make sure it can pay back the LGFA and meet other financial commitments, they need to offer a guarantee. This guarantee involves using the money they collect from rates as collateral.

The system should aim to strike a balance between the SWDC need for revenue to provide essential services and the property owner's rights. Stewardship by Councillors play a critical role in managing the balance between property owners' rights and the revenue needs of local authorities. One of their responsibilities include transparency in decision-making. Property owners have a right to know how their rates are being used and how decisions impact their property rights.

Local authorities in New Zealand are legally required to manage their finances responsibly. This includes borrowing within reasonable limits and ensuring that the debt is serviceable and can be repaid over time.

The borrowing process is governed by the Local Government Act 2002 and the Local Government (Rating) Act 2002, among other relevant legislation.

SWDC has a debt limit imposed by central government regulations. This limit is designed to prevent excessive borrowing and ensure that Councils do not take on unsustainable levels of debt.

SWDC is generally expected to repay both the principal and interest on borrowed funds. Paying only the interest without reducing the principal would not be in line with responsible financial management principles. It can lead to a situation where the debt remains indefinitely, potentially burdening future generations of ratepayers.

As a compulsory investor I assume that the SWDC follows responsible financial management practices, including borrowing within legal limits, repaying both principal and interest, and being transparent and accountable to ratepayers. In my opinion the Chair of the Finance and Risk Committee should be a qualified accountant. As there is no Councillor with these qualifications a suitably qualified person should be co-opted to fill this role.

In trying to determine the gap between SWDC borrowings and Central Government debt ceiling I have derived a closely estimated prediction of total borrowings and also interest paid on those borrowings, using figures obtained from SWDC under the Local Government Official Information Act 1987, which includes information on rating units, as well as data provided by the New Zealand Taxpayers' Union detailing debt per rating unit and interest per rating unit. It's worth noting that my prediction may be slightly conservative, as I did not have access to the rating units for the commercial sector. In my example, I estimated this sector to be 1000 units.

Total rating units 7846 x \$3,715 (debit per rating unit) = \$29,147,890 borrowed.

Total rating units 7846 x \$99 (interest paid per rating unit) = \$776,745 interest

The SWDC's purchase of the Lake Ferry Campground reflects a consistent trend of borrowing, with a commitment of \$500,000 plus ongoing interest. Upcoming expenditures include \$2 million allocated for the wheel park and football club rooms, while the \$1 million provided to Kuranui College for their hall has already been paid. However, ratepayers will be responsible for covering the principal and interest repayments over the next 10 years."

Finally I would like to know the debit limit imposed on SWDC by the Central Government.

I'm interested in the annual payments made by SWDC, including both principal and interest.

I'm also looking for information on the rating units associated with commercial units in the SWDC.