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Auckland Council to sell activist Penny Bright's house to reclaim unpaid rates

Veteran Auckland protester Penny Bright's home will be sold from under her to recover unpaid rates and penalties.

The High Court confirmed to Auckland Council the property will be sold by tender on April 24.

The sale of the property was a last resort, Auckland Council spokesman Matthew Walker said. Bright stopped paying her rates in 2007.

"We have written to Ms Bright on a number of occasions and met with her in January in order to discuss payment options. Despite this, Ms Bright has continued to refuse to pay her outstanding rates bill, or arrange a payment plan.

"While it's unfortunate that we have reached this next step, the council needs to remain fair to the thousands of Aucklanders who do pay their rates or have a payment plan in place."

In January 2016 the council obtained judgment in the Auckland District Court against Bright that she owed $34,183 in unpaid rates and penalties up to June 2015.

Bright unsuccessfully appealed the decision and after a six-month stand down period the council asked the High Court to commence the sale process in December last year.

Walker said that in most other cases of unpaid rates and penalties, the council had been able to work with the property owner and avoid court action.

"We would urge all property owners who are struggling to pay their rates to contact us so that we can talk through options that won't cause financial hardship."

If an arrangement is not reached with Bright between now and the end of the tender process, the proceeds of the sale will be used to recover the full amount of outstanding rates and penalties and any further costs, including real estate agency and legal fees.

The remainder of the proceeds from the sale will then be released to Bright through the Public Trust.

Bright, an activist and self-proclaimed "anti-corruption whistleblower", did not accept the decision. She would "fight like hell" to avoid the sale of her home which she currently lives in with her partner.

Bright said she put her freehold property on the line 10 years ago in her fight to get the council to become transparent and follow the legislation of Section 17 of the Public Record Act - specifically for private contracts.

The act detailed the requirement to create and maintain records.

Bright wanted council contracts to show a unique contract number, the name of the contract, the scope of the contract, the contract finish date, the exact value of each and every contract and how the contract was tendered.

Without transparency there was space for corruption, that was where "billions of dollars" was going, she said.

Bright said if Auckland Council chose to comply with the Public Record Act she would immediately make arrangements to pay the outstanding rates.

"My house is on the line and it's just outrageous.

"I've done more than any citizen or any person on council to make sure the books are open.

"The idea they have no alternative but to sell my house… It's just so wrong."

Since Bright paid off her house in 2000, she said she worked full time "in the public interest" without pay.

Bright warned she would make a "huge public fuss" regarding the upcoming sale.

"I'm not going anywhere."

The Auckland Council's first forced sale over unpaid rates was of a home in 2015.

Charlotte Hareta Marsh lost her Manurewa home in a court-ordered sale after failing to pay rates since August 2006. She refused to recognise the authority of Auckland Council and claimed to have paid her rates instead to the "rightful land owner" - Arikinui o Tuhoe.

The council's chief financial officer Sue Tindal told the Herald in 2015 Marsh owed more than $12,000 in unpaid rates and penalties and nearly $3000 in court costs.

Rates row timeline

• Bright stopped paying rates in 2007.
• Auckland Council first issued proceedings against Bright in 2011 seeking to recover payment of unpaid rates from June 2006 to June 2011.
• It obtained judgment by default, but that was set aside by the court on technical grounds.
• In 2015 the council sought summary judgment for unpaid rates from June 2011 to January 2015.
• In January 2016, the District Court entered judgment for Auckland Council against Bright for $34,183 for outstanding rates and penalties. Costs were awarded in the council's favour for $13,249.
• In July 2016 the High Court dismissed Bright's appeal and awarded costs in favour of the council for $7080.
• In March 2017 the council applied to the High Court to enforce the judgment by sale pursuant to section 67 of the Local Government (Rating) Act 2002 (LGRA).
• In May 2017 the High Court issued a notice pursuant to the LGRA requiring Bright to pay the judgment sum, costs and all remaining rates due on the property.
• After a compulsory six-month stand down period, the council in December asked the High Court to proceed with the sale of the property.
• Throughout this period the council has continued to invite Bright to make payment or to arrange a payment plan. No payment or arrangements for a payment plan have been received.

Bridges interested in value capture tax, which Collins calls 'envy tax'

National leader Simon Bridges says there is no difference between his views on a land value capture tax and the views of his MPs.

Bridges on Sunday said it was "pleasing" the Government are looking at a land value capture tax, despite his finance and housing spokeswoman criticising it.

Finance Minister Grant Robertson signalled the Government is interested in such a tax, which would fund infrastructure by taxing the people who benefit the most from it. This involves a special tax being levied on property owners deemed to have benefited from new infrastructure: for example, a row of shops, the value of which increased thanks to a new rail link.

The National Party explored the idea while in government but did not implement anything.

Labour Finance Minister Grant Robertson hints at novel ways to raise revenue for Auckland's desperately needed infrastructure projects.

Then-transport spokeswoman Judith Collins tweeted on Saturday it was an "envy tax", asking if NZ First was going to support it.

Finance spokeswoman Amy Adams tweeted on Friday: "Another day, another new tax being proposed by the coalition Government. Yet another attempt from Grant Robertson to make everyone else pay for all his promises."

But former transport minister Bridges himself appeared to have quite a different take.

Speaking on Sunday after announcing his caucus reshuffle, Bridges said it was "pleasing" to see the Government looking at innovative ways to fund things instead of using broad-brush strategies like a petrol tax.

"I think it's good. I think it's pleasing to hear from Grant Robertson today that finally he has come round to the need for innovation in this area. This is like so many areas where we I think did quite a bit, we were moving in that direction, I was certainly excited about doing more," Bridges said.

"I think it is good news that he has coming to realisation that he doesn't have enough money for the infrastructure that needs to be built in New Zealand, and some of these things such as value capture - I think there is a lot of detail that needs to be worked through - PPPs, and other private sector initiatives, can play a real role."

Asked about the disparity between his position and Adams', Bridges said the point was that Robertson didn't have enough money to pay for his promises.

"In terms of some of the more creative solutions we think they are definitely worth exploring.

"We had an open position on [value capture], we were looking through it, I saw the attraction around some of the projects. The devil is in the detail," Bridges said.

"You can't just decide to pile on a bunch of new taxes, whether it's a land tax or the stuff we are hearing from the Tax Working Group."

"We're all in exactly the same space on this: in that by all means look for innovation, but they are pointing out you can't just keep piling on new burdens."

Finance Minister Grant Robertson considering property 'value capture' tax to fund rail

Labour Finance Minister Grant Robertson hints at novel ways to raise revenue for Auckland's desperately needed infrastructure projects.

Finance Minister Grant Robertson has signalled that property owners benefiting from the building of the Auckland rail links could be subject to a special "value capture" tax.

Speaking at the Auckland Chamber of Commerce/Massey University annual finance lunch at the Pullman Hotel in Auckland, Robertson said the Government was investigating "innovative" ways to bridge the funding gap to pay for the rail and roading infrastructure the country needs, especially in Auckland.

"Between the balance sheets of the Auckland Council and the Government, we still don't have enough," Robertson said.

"Minister Phil Twyford and I are actively looking at opportunities for how to do that."

Those options included "value capture" which the Productivity Commission championed early last year.

This is a process under which a special tax is levied on property owners deemed to have benefited from the building of infrastructure.

"If we are going to make big investments in things like [Auckland's City] Rail Link, and a series of different rail links, people will benefit from that. How do we capture the value of that, and use that to fund the development?" Robertson said.

In March last year, the Productivity Commission gave an example of how that might work.

If the land value of a property benefiting from a new rail link increased in value from $100,000 to $250,000 over five years – a 150 per cent increase compared with a rise of 120 per cent in land values in the wider area – a tax could be levied on the $30,000 gain attributable to the infrastructure improvements.

The tax could be levied alongside of rates, the commission suggested.

It's not the only way household personal finances could change in a bid to find the money to build infrastructure. KiwiSaver could also be impacted.

Responding to a question from Sam Stubbs, founder of the Simplicity KiwiSaver scheme, Robertson said: "We want to see that [KiwiSaver] capital invested as much as possible here".

KiwiSaver was predicted by Treasury to reach $200 billion by 2030.

Robertson envisaged "packaging up" infrastructure projects in ways KiwiSaver funds could invest in.

"Also in 2021, we come back to reviewing the government providers of the KiwiSaver funds," Robertson said.

"That gives us an opportunity to define the criteria by which somebody can become a default provider."

"I think New Zealanders will love the idea of their savings, or a greater proportion of their savings going into projects in New Zealand. What we have got to make sure is those projects are packaged up in a way that they give the rate of return that people want."

Robertson detailed the Government's economic plan to the gathered Auckland business leaders, saying the focus was on ensuring all New Zealanders shared in economic growth.

"If we don't harness the potential of every single New Zealander we will never be the country we should be," he said.

Robertson also praised the signing of the Comprehensive and Progressive Trans-Pacific Partnership trade deal in Chile on Friday.

"The next stop will be the European Union. There's a very important opportunity there," he said. "We will also talk to the UK, help them out, teach them how to write a trade agreement, and hopefully make it with us."

Making value capture financing work for NZ

Simpson Grierson is encouraged that the Government is open to moving beyond traditional funding sources and structures to pay for infrastructure projects – including consideration of value capture funding models.

The law firm says that with Government support there is an opportunity for Councils to employ these models, which have worked overseas, to help pay for infrastructure and housing development needs.

Simpson Grierson Partner Josh Cairns says rates are a taxing mechanism with attributes that can make normal project financing techniques effectively impossible for Councils.

“Borrowing is an accepted way of distributing the costs of infrastructure across current and future users. However, many Councils don’t have the capacity to borrow enough to finance new infrastructure projects,” says Cairns.

“This is especially so in areas where rapid population growth has led to high and urgent demands for infrastructure and housing.”

Councils can easily fall behind in providing sufficient infrastructure to cope with population growth, and liquidity can be a problem, even when property values in their districts are soaring.

“Places such as Queenstown, Tauranga, Hamilton and Auckland come to mind, and we know that Auckland Council has included value capture as part of a range of funding models they’re considering. We think it seems equitable that where investments are made by ratepayers, private landowners’ windfall gains should be shared with those ratepayers,” says Cairns.

“Applied well, these funding models can properly value the real benefits of development. It could also potentially unlock swathes of inert real estate capital across the country.”

Simpson Grierson says that versions of these models have existed overseas for many years with good success – creating stable long-term investments and tax benefits for investors, and allowing communities to spread capital expenditure over a more extended period of time.

However, the law firm has identified adjustments to legislation that are required in order to apply these models to the NZ market.

One model that has been discussed by local commentators is Municipal Utility Districts (or MUDs) - which are popular in parts the Southern United States for funding the three waters (drinking, storm and waste). It creates separate statutory bodies that have the power to tax residents for infrastructure within their defined MUD areas.

“For that reason they are viewed by some as tending towards the extreme, but because they’re empowered to tax residents, MUDs can provide certainty for local authorities of spreading upfront costs of building infrastructure over time,” says Cairns.

“Tax increment financing or ‘TIF’ is another example of a model used by states in the US to fund capital expenditure in particular districts. Put simply, as development increases the value of properties in a district, it in turn increases the property tax revenue due on those properties, and the extra tax revenue is then redirected to repay bonds or loans that financed the development.”

However Cairns says that a traditional, US-style ‘TIF’ model would be tough to implement in New Zealand due to the difficulty under current legislation in separately rating the value uplift from a project, and insulating the balance of the value for other general rating purposes.

While it is possible in New Zealand to set a “targeted rate”, applied to land situated in the TIF area to recover infrastructure financing and associated project costs, it’s not possible to target the value uplift under the current legislative framework.

He says that with appropriate changes to the rating regime, including to mitigate inherent valuation difficulties, targeted rates may still be a good source of cash flow to finance project costs. Such rates have low additional administrative costs for Councils and are difficult to avoid, given Councils ultimately have the power to sell property to recover any unpaid rates.

"There will be challenges when applying funding models to a new market and these models also have limited application for infrastructure projects where value uplift doesn't occur e.g. wastewater and stormwater infrastructure," says Cairns.

"However, even if value capture financing is not able to fund all projects fully, it still has the potential to reduce recourse to general rates and to share costs more equitably for major projects that are urgently in need of funding."

Northland Regional Council proposes rates increase of 29 per cent

The Northland Regional Council is proposing an average rates increase of 29 per cent, excluding targeted levies on local transport and flooding.

NRC is also seeking public feedback as part of its 10-year Long Term Plan (LTP) on a proposal that all ratepayers in the region chip in financially for flood remedial work in areas such as Kaeo.

As part of increasing its work on managing fresh and coastal waters, the environment watchdog plans to hire 18 new staff over three years— fewer than three years after announcing a restructuring it said would eliminate 11 jobs and create 18 new ones.

The proposed rates' hike will cost an average ratepayer about $67 annually, or $1.30 more a week.

The LTP outlines options to pay for water quality, flood protection and pest control as the NRC wants to increase its rates collection from 5 per cent to 10 per cent annually to meet increasing demand and to grow its work.

NRC chairman Bill Shepherd said rates increases were never popular and they were something councillors were acutely conscious of.

"But that had to be weighed against the fact Northland's communities had made it very clear they wanted more done to clean up water, protect native species and provide better flood protection."

NRC's preferred option on water quality is for ratepayers to fork out $14.60 extra for 2018/19, rising to $26.88 by 2020/21, on work around reducing sedimentation in waterways, monitoring of more wetlands, and increasing hydrology work.

NRC currently spends $3.6m a year to reduce the impact of pest animals, weeds and aquatic invaders.

The preferred option is to increase its budget by about $2.3m a year which means an average cost of $28.26 more a year by 2020/21.

On flood-protection works, NRC said the downside to user-pay approach meant it was unaffordable to undertake remedial work in areas of low population with few ratepayers.

One option is for the status quo to remain while another— NRC's preferred option— is to split the cost on a 50/50 basis with average cost to ratepayers of $5.63 per property across the region.

If everyone pays, the average cost will be an increase of $14.25 per property across Northland.

NRC is proposing to introduce a new rate of $55.37 a year on properties in and around flood-prone areas in Kawakawa, Moerewa and Otiria.

In Whangarei, the NRC is proposing $1 million of new work to reduce flood overflows on Commerce St and to create a wetland.

The commercial rate for Whangarei CBD will increase 9 per cent, from $324 to $354.

The public can give their feedback until 4pm on April 17.

NRC will also be holding a series of "Have Your Say" events around the region from March 20 to 27 where people can give feedback direct to councillors.

"We encourage as many people as possible to take advantage of this opportunity to give their feedback to us in person, as these events are being held instead of a more formal hearing process," Mr Shepherd said.

Policy flip-flopping on the road to progress

The civil service has a part to play as the generators of policies, not just the delivery mechanism of ministers' ideas.

OPINION: When a new government forms, there is usually a flurry of studies, task forces, working groups and advisory panels.

This is not surprising, not new, nor should it be derided. It is better than rushing into action that may be ill-thought out.

Opposition is a lonely and poorly resourced existence – where it is more about adversarial political brinkmanship than dispassionate policy analysis.

These processes allow time for input from a broad range of experts to get the best evidence and counter-evidence in one place. They also give time for consensus building through airing of issues, and being deliberate rather than impulsive about making policies.

The last National-led government had a bunch of these too. The Job Summit that gave us the cycle ways. The cycleways are good, but did not move the needle on jobs. Other ideas like the nine-day fortnight and large investment fund went nowhere.

The Capital Markets Taskforce was to grow and deepen our capital markets and become the financial hub of the Asia-Pacific region. Our capital market is still under-developed.

Recently Kiwi success story Xero decided to leave the New Zealand exchange for Australia. There have been few new listings.

In some other areas, the Financial Markets Authority has made progress on conduct of advisers, simplified investment information and more transparency of KiwiSaver funds.

The 2025 Taskforce was to explore ways to close the 30 per cent wage gap with Australia. The taskforce was disbanded, and its recommendations were ruled out.

Those recommendations included slashing spending by $9 billion, cutting taxes, reducing beneficiary numbers, raising the pension age, selling state-owned assets and vigorously encouraging foreign investment.

The current government's Tax Working Group released its first paper. It had similar themes as the Victoria University's Tax Working Group under the previous regime.

The latest report emphasises an ageing population. With more of the population dependent on government transfers, we can no longer rely so heavily on income tax and GST.

The taxable group will be too small relative to the escalating spending on health, superannuation and housing subsidies for old folk.

They noted that our tax system is generally sound. One glaring discrepancy was on how we tax savings, where houses were lowly taxed compared to all other forms.

This leads to the natural conclusion that we should explore some kind of land tax that is broad based but low. And perhaps a capital gains tax. The group is taking submissions on its paper and options to consider.

No doubt the reaction to increased taxes on land and property investments will be met with the usual outcry from the property and farm owning voters.

Perhaps this clamour will fade as the number of renters increase over time, and the country will become more polarised on tax and social policy.

Already there are more renting adults than owners, but they don't vote as much.

On tax, we have seen little leadership. The Helen Clark-led Labour government raised income taxes for high income earners, because they wanted a progressive tax system.

The John Key-led government then lowered those taxes, as it took its turn at the policy-making helm.

This kind of turn-based policy making which favours ideology is bad. It creates instability and loses sight of the long-term issues governments should be dealing with.

Instead we need a long-term and deliberate approach which can overcome this kind of policy yo-yo.

The civil service has a role here, as the generators and repositories of policy ideas, rather than just the delivery mechanism of ministers' ideas that it has become.

Beaten into submission over decades, our civil service is more likely to say "more research required" on a problem, like an academic, rather than offer a well-formed recommendation.

Ministers are impatient to get things done in a short parliamentary term. So the civil service just finds ways to make a bad policy work through gritted teeth.

We are trapped in a very adversarial approach to policy-making in government.

Parties fight on political lines, not for good policy. Too many policies are populist, turn-based or just ill-thought out.

Bad policies often hang around like weeds, because we don't have a good system to review past policies and undo them if necessary.

The demands for action and leadership are justified. But we should not be so hasty to deride collaborative and transparent approaches to policy development.

They are a good counter to the current way that has allowed big social and economic issues to accumulate over decades.

QV says most of the property market's value growth is occurring in the regions - Auckland remains sluggish

The latest figures from Quotable Value reflect a sluggish property market, with the average value of New Zealand homes lifting by less than 0.2% in February.

According to QV, the average value of homes throughout the country was $672,645 in February, up by just 0.16% compared to the January average of $671,531.

However it was still 6.5% higher than it was in February last year.

In the Auckland region the average value of homes dropped very slightly, from $1,054,974 in January to $1,053,948 in February (-0.1%).

That means the average value of homes in Auckland is now just 1% higher than it was 12 months ago, suggesting values in the country's biggest city have largely flatlined.

"The market [in Auckland] remains sluggish with values holding for the most part, with a lack of good quality listings on the market and lower than normal sales volumes for this time of year," QV Auckland senior consultant James Steele said.

"Properties that are not well presented, have outstanding maintenance or are damp or shaded for example, are sitting on the market for longer.

"This is a change from when the market was very hot and everything was selling quickly," he said.

Average values also dropped slightly in Queenstown Lakes, which like Auckland has seen a massive increase in property values over the last few years.

However the average value on Queenstown Lakes dipped from $1,116,673 in January to $1,114,358 in February, but that was still 7.2% higher than in February last year.

'Wellington market still seeing plenty of activity'

In the Wellington Region the average value of homes increased from $634,811 in January to $640,737 in February and was up 8.6% compared to 12 months ago.

However February's average values were down in Porirua and Wellington City compared to January.

"The Wellington market is still seeing plenty of activity although the rate of value growth has slowed a bit," QV Wellington senior consultant David Cornford said.

"The Hutt Valley is a bit flat but first home buyers remain active accounting for 42% of sales in Lower Hutt and 30% of all sales across the Wellington region, so they are a a big portion of the market.

"Investor activity is pretty flat at the moment and yields have increased slightly due to strong rent growth and less promise of quick capital gains," he said.

In Christchurch the average value of homes was virtually unchanged, rising by just $104 from $494,459 in January to $494,563 in February, although it remained 0.8% below where it was in February last year.

"Properties are still selling but we're just not seeing an increase in values," QV Christchurch senior consultant Daryl Taggart said.

"So far we''ve noticed no significant changes in activity from home buyers or investors since the easing of the LVRs in January."

However values appear to be still rising in many provincial centres.

"The Hamilton and Tauranga markets have picked up in February after a sluggish start to the year while the Hawke's Bay continues to see some of the strongest value growth in the North Island," QV national spokesperson Andrea Rush said.

"Many regional areas of the South Island continue to see values rise including Nelson and Tasman, the McKenzie District, Southland and Invercargill.

"Low interest rates and the easing of the LVR restrictions has seen many more first home buyers active in areas where they can still afford to enter the market," she said.