

PORIRUA ECONOMIC DEVELOPMENT GROUP

c/o 31 Motukaraka Point
Pauatahanui
Porirua 5381

21 August 2019

Mr Steven Bailey
Inquiry Director
New Zealand Productivity Commission
Level 15 Fujitsu Tower
141 The Terrace
WELLINGTON 6011

Dear Steven,

Please find attached the Porirua Economic Development Group (PEDG) submission on your excellent draft report "Local government funding and financing". We have elected to focus on three of the report's chapters, as well as highlighting a number of other questions which may warrant further consideration.

Notwithstanding the restrictive nature of your terms of reference, it was noted that the local government management model – as envisaged in the 2002 legislation – is not working as designed. Consequently, PEDG strongly endorses representations made by the Controller and Auditor-General (C&AG) in his 15 February 2019 letter to the Commission addressing your issues paper. Along with other points made by the C&AG, we support the fundamental notion that there is *"a need to confirm the future role of local government before determining what an appropriate funding and financing model looks like"*.

Consistent with those points, our submission raises a series of questions for your consideration, including one about the need for and future of effective monitoring. This is a prior and essential step in transparent performance improvement and accountability across the local government sector. Our (PEDG) submission suggests that there are potentially three options for the future:

- enhancing your draft proposals with an independent oversight group;
- an independent monitoring entity; or
- the use of an Office of Parliament.

With a view to maintaining the clear division between central and local government, the latter option is favoured. Courtesy discussions have been held with the Office of the Auditor-General and our thinking was received positively. The discussions also covered how monitoring could be undertaken, what the indicative form of periodic returns and reports could look like, and how such data could be disseminated to communities (in effect the owners of local authorities) as well as Parliament and other interested parties. The keys are brevity, simplicity and understandability, given overall demands on these users of reported information.

The opportunity to discuss our submission with you and your team would be greatly appreciated. Several PEDG members could be available from the end of September should you so wish.

Yours sincerely



Andrew Weeks FCA
Group Chairman