

19 February 2019

New Zealand Productivity Commission  
PO Box 8036, The Terrace, Wellington 6143  
Wellington

Reference: A457048

Attn: New Zealand Productivity Commission

To whom it may concern

***Submission on local government funding and financing issues paper***

Thank you for the opportunity to make a submission on the local government funding and financing issues paper (the issues paper).

Environment Southland would like to submit in support of the submissions prepared by Local Government New Zealand and the New Zealand Society of Local Government Managers.

Additionally, Environment Southland councillors discussed the issues paper at a meeting of the Strategy and Policy Committee on 30 January 2019. As a result of this discussion we wish to highlight the following matters:

- Each region, including Southland, had its own unique circumstances and requirements. Funding and financing options should be adaptable and appropriate to each region.
- Transitioning to new funding and financing models has the potential to be disruptive for communities. If there is a transition to new models, especially where those may differ significantly to existing models, it is critical that a comprehensive transition plan is articulated.
- Environment Southland is pleased to see a discussion on the funding pressures faced by councils with stagnant or declining populations. Population projections undertaken following the 2013 census indicates the region can expect a relatively stagnant, and ageing, population over the next 30 years. Environment Southland agrees that managing impacts of declining or stagnant population cannot always be dealt with by stimulating economic growth (as identified on page 55 of the issues paper). Environment Southland is actively involved, through the Southland Regional Development Strategy (SoRDS), to hit the goal of 10,000 more people living in Southland by 2025. In this regard support for the methods identified in the SoRDS Action Plan ([http://www.sords.co.nz/site/assets/files/1/sords\\_action\\_plan.pdf](http://www.sords.co.nz/site/assets/files/1/sords_action_plan.pdf)) could be a novel way to assist Environment Southland in managing the funding pressures associated with a declining or stagnant population.

- A property based rating system may not always be able to fund the diverse, and expanding, range of activities undertaken by and infrastructure requirements of local government entities. To help bridge this gap Environment Southland is supportive of opportunities that would enable tax revenue to be retained in local communities.
- Securing a sustainable local government funding and financing model is dependent on local and central government partnerships, and Environment Southland considers these partnerships critical. Additionally, the roles of central and local government authorities need to be clearly defined and well understood at all levels.
- Finally, Environment Southland acknowledges the possible impacts that the three waters review may have on its own funding and financing model, and our ability to deal with changes that may be required at the regional level. Environment Southland looks forward with interest to the further work being undertaken to develop options for improving the three waters system, including the management, service delivery, funding, and regulatory arrangements.

We look forward to discussing these matters in more detail with you at the engagement meeting on the local government funding and financing inquiry to be held on 5 March.

If you have any questions in relation to this submission, please contact Alex Morgan – Team Leader – Policy and Planning at [alex.morgan@es.govt.nz](mailto:alex.morgan@es.govt.nz).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alex Morgan', with a stylized flourish at the end.

Alex Morgan  
**A/Policy and Planning Manager**